

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
PART II. OTHER INFORMATION	
ITEM 1. Legal Proceedings	18
ITEM 2. Changes in Securities	18
ITEM 3. Defaults Upon Senior Securities	18
ITEM 4. Submission of Matters to a Vote of Security Holders	18
ITEM 5. Other Information	19
ITEM 6. Exhibits and Reports on Form 8-K	19
SIGNATURES	20
EXHIBIT INDEX	21

2

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Forward Air Corporation
Condensed Consolidated Balance Sheets

<TABLE>
<CAPTION>

	September 30, 1998	December 31, 1997	
	----- (Unaudited)	----- (Note)	
	(In thousands, except share data)		
	<C>	<C>	
ASSETS			
<S>			
Current assets:			
Cash and cash equivalents	\$ 96	\$ 895	
Accounts receivable, less allowance of \$925 in 1998 and \$753 in 1997		19,247	17,671
Other current assets	2,337	1,752	
	-----	-----	
Total current assets	21,680	20,318	
Property and equipment	38,906	19,540	
Less accumulated depreciation and amortization		9,219	3,755
	-----	-----	
	29,687	15,785	
Other assets	3,487	3,290	
Deferred income taxes	--	572	
Assets of discontinued operations	--	97,208	
	-----	-----	
Total assets	\$54,854	\$137,173	
	=====	=====	

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 2,475	\$ 72
Accrued expenses	5,985	1,691

Current portion of long-term debt	4,758	625
Current portion of capital lease obligations	1,003	974
Due to truckload subsidiaries	--	17,447
	-----	-----
Total current liabilities	14,221	20,809
Long-term debt, less current portion	19,362	3,508
Capital lease obligations, less current portion	5,212	4,746
Deferred income taxes	214	--
Liabilities of discontinued operations	--	57,650
Shareholders' equity:		
Preferred stock	--	--
Common stock, \$.01 par value:		
Authorized shares - 20,000,000		
Issued and outstanding shares - 6,293,542 in 1998 and 6,024,388 in 1997		63 60
Additional paid-in capital	15,592	26,804
Retained earnings	190	23,596
	-----	-----
Total shareholders' equity	15,845	50,460
	-----	-----
Total liabilities and shareholders' equity	\$54,854	\$137,173
	=====	=====

</TABLE>

Note: The balance sheet at December 31, 1997 has been derived from the audited financial statements at that date, but does not include all of the financial information and footnotes required by generally accepted accounting principles for complete financial statements.

See notes to condensed consolidated financial statements.

3

Forward Air Corporation

Condensed Consolidated Statements of Income (Unaudited)

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 30, 1998	September 30, 1997	September 30, 1998	September 30, 1997
	-----	-----	-----	-----
	(In thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Operating revenue	\$ 33,354	\$ 28,901	\$ 92,943	\$ 75,357
Operating expenses:				
Purchased transportation:				
Provided by Landair Corporation	1,339	1,811	4,268	4,386
Provided by others	13,232	10,507	36,096	28,514
Salaries, wages and employee benefits	7,704	6,199	21,876	16,939
Operating leases	1,717	1,516	4,785	4,237
Depreciation and amortization	1,193	746	3,177	1,952
Insurance and claims	700	669	2,360	2,101
Other operating expenses	3,257	2,900	9,675	7,719
	-----	-----	-----	-----
	29,142	24,348	82,237	65,848
	-----	-----	-----	-----
Income from operations	4,212	4,553	10,706	9,509
Other income (expense):				
Interest expense	(236)	(197)	(661)	(604)
Other, net	2	(2)	13	(60)

	(234)	(199)	(648)	(664)
Income from continuing operations before income taxes	3,978	4,354	10,058	8,845
Income taxes	1,510	1,743	3,858	3,497
Income from continuing operations	2,468	2,611	6,200	5,348
Discontinued operations:				
Income from operations (less income taxes of \$--, \$269, \$850 and \$258, respectively)	--	566	1,345	543
Loss on spin-off (less income taxes of \$--, \$--, \$380 and \$--, respectively)	--	--	(380)	--
	--	566	965	543
Net income	\$ 2,468	\$ 3,177	\$ 7,165	\$ 5,891
Income per share:				
Basic				
Income from continuing operations	\$.40	\$.44	\$ 1.00	\$.90
Income from discontinued operations	--	.09	.16	.09
Net income	\$.40	\$.53	\$ 1.16	\$.99
Diluted				
Income from continuing operations	\$.39	\$.42	\$.97	\$.87
Income from discontinued operations	--	.09	.15	.09
Net income	\$.39	\$.51	\$ 1.12	\$.96

</TABLE>

See notes to condensed consolidated financial statements.

Forward Air Corporation

Condensed Consolidated Statements of Cash Flows
(Unaudited)

<TABLE>
<CAPTION>

	Nine months ended	
	September 30, 1998	September 30, 1997
	(In thousands)	
Cash provided by (used in) operations	\$ (4,708)	\$ 2,522
Investing activities:		
Proceeds from disposal of property and equipment	19	--
Purchases of property and equipment	(10,000)	(2,331)
Contribution of capital to Landair Corporation	(5,000)	--
Other	(197)	(3)
	(15,178)	(2,334)

<S>

<C>

<C>

Financing activities:		
Proceeds from long-term debt	23,996	580
Payments of long-term debt	(6,647)	--
Payments of capital lease obligations	(736)	(971)
Common Stock issued under employee stock purchase plan	--	55
Proceeds from exercise of stock options	2,474	78
	-----	-----
	19,087	(258)
	-----	-----
Decrease in cash and cash equivalents	\$ (799)	\$ (70)
	=====	=====
Non-cash transactions:		
Distribution of net assets of Landair Corporation	\$(44,254)	\$ --
	=====	=====
Contribution of net assets by Landair Corporation to the Company	\$ 2,379	\$ --
	=====	=====

</TABLE>

See notes to condensed consolidated financial statements.

Forward Air Corporation

Notes to Condensed Consolidated Financial Statements
(Unaudited)
September 30, 1998

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended September 30, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. For further information, refer to the consolidated financial statements and footnotes thereto included in the Forward Air Corporation (formerly Landair Services, Inc.) annual report on Form 10-K for the year ended December 31, 1997 and in the Form 8-K filed on September 4, 1998.

2. ACCOUNTING PRONOUNCEMENT

As of January 1, 1998, the Company adopted Statement No. 130, Reporting Comprehensive Income. Statement No. 130 establishes standards for the reporting and display of comprehensive income and its components; however, the adoption of this Statement had no impact on the Company's net income or shareholders' equity. The Company has no items of other comprehensive income to be reported under the provisions of Statement No. 130.

3. DISCONTINUED OPERATIONS

The accompanying condensed consolidated financial statements include Forward Air Corporation and its subsidiaries. On July 9, 1998 (the "Measurement Date"), the Board of Directors of the Company authorized the separation of the Company into two publicly-held corporations, one owning and operating the deferred air freight operations and the other owning and operating the truckload operations (the "Spin-off").

Forward Air Corporation

Notes to Condensed Consolidated Financial Statements (continued)

3. DISCONTINUED OPERATIONS (CONTINUED)

The Spin-off was effected on September 23, 1998 through the distribution to shareholders of the Company of all the outstanding shares of common stock of a new truckload holding company, Landair Corporation. Pursuant to the Spin-off, the common stock of Landair Corporation was distributed on a pro rata basis of one share of Landair Corporation common stock for every share of the Company's common stock. Subsequent to the Spin-off, the Company has continued as the legal entity that owns and operates the deferred air freight operations through its operating subsidiaries and Landair Corporation is the legal entity that owns and operates the truckload operations. Additionally, the name Landair Services, Inc. was changed to Forward Air Corporation on August 26, 1998. As a result of the Spin-off, the results of operations and cash flows of the truckload operations have been reported as discontinued operations for all periods presented in the accompanying condensed consolidated financial statements.

As used in the accompanying condensed consolidated financial statements, the term "Forward Air" refers to the deferred air freight operations; the term "truckload" refers to the truckload operations; and the term "the Company" refers to the entity which, prior to the Spin-off, operated both the deferred air freight and truckload groups and which, after the Spin-off, operates the deferred air freight group.

A summary of the net assets distributed to Landair Corporation on September 23, 1998 is as follows (in thousands):

<TABLE>

<S>	<C>
Current assets	\$ 22,754
Property and equipment, net	62,244
Other assets	39

Assets of discontinued operations	85,037

Current liabilities	(21,009)
Long-term debt and capital lease obligations	(7,972)
Deferred income taxes	(11,802)

Liabilities of discontinued operations	(40,783)

Net assets of discontinued operations	\$ 44,254
	=====

</TABLE>

Prior to the Spin-off, the Company made a \$5.0 million contribution of capital in the form of cash to Landair Corporation. In addition, Landair Corporation contributed to the Company approximately \$2.4 million of net assets related to the Forward Air operations. The above net assets include these transactions. The distribution of the net assets of Landair Corporation on September 23, 1998, was charged to retained earnings, to the extent that the Company had positive retained earnings, with the remainder to additional paid-in capital.

Forward Air Corporation

Notes to Condensed Consolidated Financial Statements (continued)

3. DISCONTINUED OPERATIONS (CONTINUED)

Summarized income statement information relating to the truckload operations (as reported in discontinued operations) is as follows (in thousands):

<TABLE>

<CAPTION>

	Three months ended		Nine months ended	
	September 30, 1998(1)	September 30, 1997	September 30, 1998(1)	September 30, 1997
<S>	<C>	<C>	<C>	<C>
Operating revenue	\$ --	\$ 23,367	\$ 51,543	\$ 65,993
Operating expenses	--	22,113	48,450	63,770
Income from operations	--	1,254	3,093	2,223
Interest expense	--	(453)	(924)	(1,386)
Other, net	--	34	26	(36)
Income before income taxes	--	835	2,195	801
Income taxes	--	269	850	258
Income from discontinued truckload operations	\$ --	\$ 566	\$ 1,345	\$ 543

</TABLE>

- (1) The fiscal 1998 summarized income statement information above includes the results of operations only through July 9, 1998 as a result of the July 9, 1998 Measurement Date.

Forward Air Corporation

Notes to Condensed Consolidated Financial Statements (continued)

4. NET INCOME PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

<TABLE>

<CAPTION>

	Three months ended		Nine months ended	
	September 30, 1998	September 30, 1997	September 30, 1998	September 30, 1997
<S>	<C>	<C>	<C>	<C>
Numerator:				
Numerator for basic and diluted income per share:				
Income from continuing operations		\$2,468	\$2,611	\$6,200
Income from discontinued operations		--	566	965
Net income		\$2,468	\$3,177	\$7,165
Denominator:				
Denominator for basic income per share-				
weighted-average shares		6,239	5,966	6,164
Effect of dilutive stock options		158	245	249
				5,957
				161

Denominator for diluted income per share- adjusted weighted-average shares	6,397	6,211	6,413	6,118
Income per share - basic:				
Income from continuing operations	\$.40	\$.44	\$ 1.00	\$.90
Income from discontinued operations	--	.09	.16	.09
Net income	\$.40	\$.53	\$ 1.16	\$.99
Income per share - diluted:				
Income from continuing operations	\$.39	\$.42	\$.97	\$.87
Income from discontinued operations	--	.09	.15	.09
Net income	\$.39	\$.51	\$ 1.12	\$.96
Securities that could potentially dilute basic income per share in the future that were not included in the computation of diluted income per share because to do so would have been antidilutive for the periods presented	15	60	15	60

</TABLE>

5. LONG-TERM DEBT

Effective with the Spin-off of Landair Corporation on September 23, 1998, the Company entered into a \$20.0 million working capital line of credit facility and a \$15.0 million equipment financing facility with a Tennessee bank which expires in August 2000. Interest rates for advances under the facilities vary from LIBOR plus 1.0% to 1.9% based on covenants related to total indebtedness, cash flows, results of operations and other ratios. Accounts receivable and certain revenue equipment secure the facilities. Outstanding letters of credit reduce availability under the working capital line of credit. As of September 30, 1998, the Company had no borrowings and

Forward Air Corporation

Notes to Condensed Consolidated Financial Statements (continued)

5. LONG-TERM DEBT (CONTINUED)

\$3.2 million of letters of credit outstanding under the working capital line of credit facility and \$15.0 million outstanding under the equipment financing facility.

The facilities contain, among other things, restrictions that require the Company to maintain certain levels of net worth and other financial ratios. The Company was in compliance with these covenants at September 30, 1998.

6. INCOME TAXES

For the three and nine months ended September 30, 1998 and 1997, the effective income tax rate varied from the statutory federal income tax rate of 34% primarily as a result of the effect of state income taxes, net of the federal benefit, and permanent differences.

7. CONTINGENCIES

The Company is, from time to time, a party to litigation arising in the normal course of its business, most of which involve claims for personal injury and property damage incurred in connection with the transportation of freight. Management believes none of these actions, individually or in the aggregate,

will have a material adverse effect on the financial condition or results of operations of the Company.

10

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On July 9, 1998, the Board of Directors of the Company authorized the separation of the Company into two publicly-held corporations, one owning and operating the deferred air freight operations and the other owning and operating the truckload operations (the "Spin-off").

The Spin-off was effected on September 23, 1998 through the distribution to shareholders of the Company of all the outstanding shares of common stock of a new truckload holding company, Landair Corporation. Pursuant to the Spin-off, the common stock of Landair Corporation was distributed on a pro rata basis of one share of Landair Corporation common stock for every share of the Company's common stock. Subsequent to the Spin-off, the Company has continued as the legal entity that owns and operates the deferred air freight operations through its operating subsidiaries and Landair Corporation is the legal entity that owns and operates the truckload operations. Additionally, the name Landair Services, Inc. was changed to Forward Air Corporation on August 26, 1998. As a result of the Spin-off, the results of operations and cash flows of the truckload operations have been reported as discontinued operations for all periods presented in the accompanying condensed consolidated financial statements. The following does not include a discussion and analysis of the discontinued truckload operations.

11

The following table sets forth the percentage relationship of expense items to operating revenue from continuing operations for the periods indicated.

<TABLE>

	Three months ended		Nine months ended		September 30,
	September 30, 1998	September 30, 1997	September 30, 1998	September 30, 1997	
	<C>	<C>	<C>	<C>	
Operating revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Operating expenses:					
Purchased transportation	43.7	42.6	43.4	43.7	
Salaries, wages and employee benefits	23.1	21.4	23.6	22.5	
Operating leases	5.1	5.3	5.2	5.6	
Depreciation and amortization	3.6	2.6	3.4	2.6	
Insurance and claims	2.1	2.3	2.5	2.8	
Other operating expenses	9.8	10.0	10.4	10.2	
	-----	-----	-----	-----	
Income from operations	87.4	84.2	88.5	87.4	12.6
Other income (expense):					
Interest expense	(0.7)	(0.7)	(0.7)	(0.8)	
Other, net	--	--	--	(0.1)	
	-----	-----	-----	-----	
	(0.7)	(0.7)	(0.7)	(0.9)	
	-----	-----	-----	-----	
Income before income taxes		11.9	15.1	10.8	11.7

Income taxes	4.5	6.1	4.1	4.6
	-----	-----	-----	-----
Income from continuing operations	7.4	9.0	6.7	7.1
	-----	-----	-----	-----
Discontinued operations:				
Income from operations	--	2.0	1.4	0.7
Loss on spin-off	--	--	(0.4)	--
	-----	-----	-----	-----
Net income	7.4%	11.0%	7.7%	7.8%
	=====	=====	=====	=====

</TABLE>

Three Months Ended September 30, 1998 compared to Three Months Ended September 30, 1997

Operating revenue increased by \$4.5 million, or 15.6%, to \$33.4 million in the three months of 1998 from \$28.9 million in the same period of 1997. The operating revenue increase resulted primarily from increased volume from domestic and international air cargo customers, increased operating terminals and direct shuttles and enhanced logistics services. The operating revenue increase in 1998 was also partially attributable to the acquisition on October 27, 1997, of the air cargo operating assets of Adams Air Cargo, Inc. In addition, the Company benefited in the third quarter of 1997 from the United Parcel Service ("UPS") strike which contributed an estimated approximately \$2.3 million of additional revenue during the prior-year period as further discussed below.

Purchased transportation represented 43.7% of operating revenue in the third quarter of 1998 compared to 42.6% in the same period of 1997. The increase in purchased transportation as a percentage of operating revenue between periods was primarily attributable to operating

12

efficiencies resulting from increased volumes of freight through the Forward Air network in the prior year as a result of the UPS strike.

Salaries, wages and employee benefits were 23.1% of operating revenue in the third quarter of 1998 compared to 21.4% in the same period of 1997. The increase in salaries, wages and employee benefits as a percentage of operating revenue between periods was due primarily to operating efficiencies resulting from increased volumes of freight through the Forward Air network in the prior year as a result of the UPS strike. In addition, additional cargo handling wages and supervisory salaries were necessary in the 1998 period to operate Company-staffed terminals added since the preceding period coupled with an increase in labor costs associated with logistics services revenue as the Company continues to expand in this area.

Operating leases, the largest component of which is terminal rent, were 5.1% of operating revenue in the third quarter of 1998 compared to 5.3% in the same period of 1997. The decrease in operating leases as a percentage of operating revenue between periods was attributable to greater operating revenue through the Forward Air network and the growth of logistics services revenue.

Depreciation and amortization expense as a percentage of operating revenue was 3.6% in the third quarter of 1998, compared to 2.6% in the same period of 1997. The increase in depreciation and amortization expense as a percentage of operating revenue was attributable to the implementation of the Company's integrated freight order entry, tracking and billing information system during 1997 coupled with additional operating equipment (e.g., forklifts, trailers, scales, etc.) required to operate Company-operated terminals that were added from the preceding period.

Insurance and claims were 2.1% of operating revenue in the third quarter of 1998, compared with 2.3% in the same period of 1997. The decrease in insurance and claims as a percentage of operating revenue was due primarily to a decrease in the frequency and severity of accidents and lower premium costs.

Other operating expenses were 9.8% of operating revenue in the third quarter of 1998 compared to 10.0% in the same period of 1997. The decrease in other operating expenses as a percentage of operating revenue was primarily attributable to a lower operating cost structure due to increased operating revenue and a reduction in commissions paid to agent terminals which were partially offset by higher equipment maintenance costs associated with Company-operated transportation equipment acquired in the acquisition on October 27, 1997 of the air cargo operating assets of Adams Air Cargo, Inc.

Income from operations decreased by \$341,000, or 7.4%, to \$4.2 million for the third quarter of 1998 compared to \$4.6 million for the same period in 1997. The decrease in income from operations is due primarily to the benefit during the third quarter of 1997 from non-recurring revenue that resulted from the UPS strike as discussed below. This benefit was partially offset by a lower operating cost structure in the current year resulting from an increase in operating revenue which allowed the Company to spread the fixed costs of the network over a larger base.

13

Interest expense was \$236,000, or 0.7%, of operating revenue in the third quarter of 1998, compared to \$197,000, or 0.7%, for the same period in 1997.

The combined federal and state effective tax rate for the three months of 1998 was 38.0%, compared to a rate of 40.0%, for the same period in 1997.

As a result of the foregoing factors, income from continuing operations decreased by \$143,000, or 5.5%, to \$2.5 million for the third quarter of 1998, compared to \$2.6 million for the same period of 1997.

The Company's fiscal 1997 results were affected by the UPS strike occurring during a two-week period in the third quarter of fiscal 1997 as the Company shipped freight that would have ordinarily been shipped by UPS. The Company estimates that the UPS strike resulted in approximately \$2.5 million in incremental revenue which generated an estimated \$1.2 million of income from operations or \$0.12 per diluted share. The Company believes it did not retain a significant amount of the business it gained through the UPS strike, as the two companies generally occupy separate niches within the freight transportation marketplace.

Nine Months Ended September 30, 1998 compared to Nine Months Ended September 30, 1997

Operating revenue increased by \$17.5 million, or 23.2%, to \$92.9 million in the first nine months of 1998 from \$75.4 million in the same period of 1997. The operating revenue increase resulted primarily from increased volume from domestic and international air cargo customers, increased operating terminals and direct shuttles and enhanced logistics services. The operating revenue increase was also partially attributable to the acquisition on October 27, 1997, of the air cargo operating assets of Adams Air Cargo, Inc. The Company's 1997 results were also affected by the aforementioned UPS strike.

Purchased transportation represented 43.4% of operating revenue in the first nine months of 1998 compared to 43.7% in the same period of 1997. The decrease in purchased transportation as a percentage of operating revenue between periods was primarily attributable to operating efficiencies resulting from increased volumes of freight through the Forward Air network coupled with an increase in logistics services revenue which does not involve the transportation of freight.

Salaries, wages and employee benefits were 23.6% of operating revenue in the first nine months of 1998 compared to 22.5% in the same period of 1997. The increase in salaries, wages and employee benefits as a percentage of operating revenue between periods was due primarily to additional cargo handling wages and supervisory salaries required to operate Company-operated terminals that were added since the preceding period coupled with an increase in labor associated with logistics services revenue as the Company continues to expand in this area.

Operating leases, the largest component of which is terminal rent, were 5.2% of operating revenue in the first nine months of 1998 compared to 5.6% in the same period of 1997. The decrease in operating leases as a percentage of operating revenue between periods was attributable to greater operating revenue through the Forward Air network and the growth of logistics services revenue.

14

Depreciation and amortization expense as a percentage of operating revenue was 3.4% in the first nine months of 1998, compared to 2.6% in the same period of 1997. The increase in depreciation and amortization expense as a percentage of operating revenue was attributable to the implementation of the Company's integrated freight order entry, tracking and billing information system during 1997 coupled with additional operating equipment (e.g., forklifts, trailers, scales, etc.) required to operate Company-operated terminals that were added from the preceding period.

Insurance and claims were 2.5% of operating revenue for the first nine months of 1998, compared with 2.8% in the same period of 1997. The decrease in insurance and claims as a percentage of operating revenue was due primarily to a decrease in the frequency and severity of accidents and lower premium costs.

Other operating expenses were 10.4% of operating revenue in the first nine months of 1998 compared to 10.2% in the same period of 1997. The increase in other operating expenses as a percentage of operating revenue was primarily attributable to higher equipment maintenance costs associated with Company-operated transportation equipment acquired in the acquisition on October 27, 1997 of the air cargo operating assets of Adams Air Cargo, Inc. which were partially offset by a lower operating cost structure due to increased operating revenue and a reduction in commissions paid to agent terminals.

Income from operations increased by \$1.2 million, or 12.6%, to \$10.7 million for the first nine months of 1998 compared to \$9.5 million for the same period in 1997. The improvement in income from operations is due primarily to a lower operating cost structure resulting from an increase in operating revenue which allowed the Company to spread the fixed costs of the network over a larger base. In addition, income from operations during 1997 benefited from non-recurring revenue that resulted from the aforementioned UPS strike.

Interest expense was \$661,000, or 0.7%, of operating revenue in the first nine months of 1998, compared to \$604,000, or 0.8%, for the same period in 1997.

The combined federal and state effective tax rate for the first nine months of 1998 was 38.4%, compared to a rate of 39.5%, for the same period in 1997.

As a result of the foregoing factors, income from continuing operations increased by \$852,000, or 16.1%, to \$6.2 million for the first nine months of 1998, compared to \$5.3 million for the same period of 1997.

Liquidity and Capital Resources

The Company has historically financed working capital needs with cash flows from operations and borrowings under lines of credit. The Company has historically financed capital purchases with cash flows from operations and through borrowings under credit agreements with financial institutions. Net cash used in operating activities was \$4.7 million for the first nine months of 1998 compared with net cash provided by operating activities of \$2.5 million in the same period of 1997.

15

Net cash used in investing activities was approximately \$15.2 million in the first nine months of 1998 compared with \$2.3 million in the same period of 1997. Investing activities consisted primarily of a \$5.0 million capital contribution to Landair Corporation in 1998 and the acquisition of operating equipment and enhanced management information systems during the first nine months of 1998 and 1997.

Net cash provided by financing activities was \$19.1 million in the first nine months of 1998 compared with net cash used in financing activities of \$258,000 in the same period of 1997. These financing activities included the continued financing of operating equipment and working capital needs, the repayment of long-term debt and capital leases and proceeds received from the exercise of stock options and common stock issued under an employee stock purchase plan.

Effective with the Spin-off of Landair Corporation on September 23, 1998, the Company entered into a \$20.0 million working capital line of credit facility and a \$15.0 million equipment financing facility with a Tennessee bank which expires in August 2000. Interest rates for advances under the facilities vary from LIBOR plus 1.0% to 1.9% based on covenants related to total indebtedness, cash flows, results of operations and other ratios. Accounts receivable and certain revenue equipment secure the facilities. Outstanding letters of credit reduce availability under the working capital line of credit. As of September 30, 1998, the Company had no borrowings outstanding and \$3.2 million of letters of credit outstanding under the working capital line of credit facility and \$15.0 million outstanding under the equipment financing facility.

Management believes available borrowing under existing lines of credit, future borrowings under installment notes for revenue equipment, and cash generated by operations will be sufficient to fund the Company's cash needs and anticipated capital expenditures through at least the next twelve months.

Impact of Year 2000

Some of the Company's older computer programs and systems were written using two digits rather than four to define the applicable year. As a result, those computer programs have time-sensitive software that recognize a date using "00" as the year 1900 rather than the year 2000. This could cause a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

The Company is in the process of replacing the majority of its key financial and operational systems as a part of upgrading its systems in the normal course of business. Management believes that this program will substantially meet or address its Year 2000 issues. In addition to its replacement program, the Company will require modifying some of its software and hardware so that its computer systems will function properly with respect to dates in the Year 2000 and thereafter. The estimated cost of the Company's completed and remaining replacement and modification for the Year 2000 issue is expected to be less than \$250,000.

The Company also plans to initiate a formal communication process with all its significant suppliers and large customers to determine the extent to which the Company's interface systems are vulnerable to the failure of any third party to remediate its own Year 2000 issues, and expects to complete such process during the first quarter of 1999. Once the Company has completed the process mentioned above and has determined the extent to which the Company's interface systems are vulnerable to the failure of any third party to remediate its own Year 2000 issues, the Company expects to develop its plans (including contingency plans) and budgets to perform any necessary remediation actions. There is no guarantee that the systems of such other companies will be timely converted and would not

have an adverse effect on the Company.

The system replacements and upgrades are estimated to be completed not later than June 30, 1999, which is prior to any anticipated impact of Year 2000 issues on the Company's operating systems. The Company believes that with the completion of such replacements and upgrades, the Year 2000 issue will not pose significant operational problems for its computer systems. However, if such replacements and upgrades are not made, or are not completed timely, or if third parties with which the Company's systems interface are not replaced or upgraded, the Year 2000 issue could have a material impact on the operations of the Company.

Forward-Looking Statements

The Company, or its executive officers and directors on behalf of the Company, may from time to time make written or oral "forward-looking statements." Written forward-looking statements may appear in documents filed with the Securities and Exchange Commission, in press releases and in reports to shareholders. Oral forward-looking statements may be made by the Company's executive officers and directors on behalf of the Company to the press, potential investors, securities analysts and others. The Private Securities Litigation Reform Act of 1995 contains a safe harbor for forward-looking statements. The Company relies on this safe harbor in making such disclosures. In connection with this safe harbor provision, the Company is hereby identifying important factors that could cause actual results to differ materially from those contained in any forward-looking statement made by or on behalf of the Company. Without limitation, factors that might cause such a difference include economic factors such as recessions, inflation, higher interest rates and downturns in customer business cycles, the Company's inability to maintain its historical growth rate due to a decreased volume of freight moving through the Company's network, competition, surplus inventories, loss of a major customer, the Company's lack of prior operating history as an entity independent of the truckload operations, the ability of the Company's information systems to handle increased volume of freight moving through its network, and the availability and compensation of qualified independent owner-operators to serve the Company's transportation needs. The Company disclaims any intent or obligation to update these forward-looking statements.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is, from time to time, a party to litigation arising in the normal course of its business, most of which involve claims for personal injury and property damage incurred in connection with the transportation of freight. Management believes that none of these actions, individually or in the aggregate, will have a material adverse effect on the financial condition or results of operations of the Company.

ITEM 2. CHANGES IN SECURITIES

Not Applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

A special meeting of shareholders of the Company was held in lieu of an annual

meeting on August 24, 1998. Directors were elected at the meeting for a one (1) year term until the annual meeting of shareholders to be held in 1999 following the year ending December 31, 1998, or until successors are duly elected and qualified. The nominees and votes cast with respect to each are as follows:

<TABLE>

<CAPTION>

Name	For	Withheld
---	---	-----
<S>	<C>	<C>
Bruce A. Campbell	3,871,142	18,520
Edward W. Cook	3,871,142	18,520
James A. Cronin, III	3,887,142	2,520
Robert K. Gray	3,887,142	2,520
Scott M. Niswonger	3,871,142	18,520
Richard H. Roberts	3,871,142	18,520

</TABLE>

A majority of the shareholders also voted to amend the Charter of the Company to change the name of the Company to Forward Air Corporation. The votes as cast are as follows:

For	Against	Abstain
---	-----	-----
3,887,342	1,320	1,000

18

In addition, the shareholders voted in favor of ratification of the appointment of Ernst & Young LLP as the independent auditors of the Company for the year ending December 31, 1998, and the votes as cast are as follows:

For	Against	Abstain
---	-----	-----
3,888,442	600	620

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The following exhibits are included herein:

- (a) Exhibits - The response to this portion of Item 6 is submitted as a separate section of this report.
- (b) Reports on Form 8-K - The Company filed two reports on Form 8-K during the three months ended September 30, 1998. The Form 8-K filed on September 3, 1998 reported the filing of Articles of Amendment to the Charter of the Company to change its name to Forward Air Corporation. The Form 8-K filed on September 4, 1998 provided certain financial information including (i) audited consolidated financial statements of the Company, including the notes thereto, which were restated to report the results of operations and cash flows of the truckload operations as discontinued operations; and (ii) unaudited pro forma condensed financial statements of the Company, including the related notes thereto, which assumed the Spin-off had occurred on June 30, 1998 as to the balance sheet or on January 1, 1997 as to the statements of income.

19

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Forward Air Corporation

Date: November 13, 1998 By: /s/ Edward W. Cook

Edward W. Cook
Chief Financial Officer
and Senior Vice President

20

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit No. Under Item 601 of Regulation S-K -----	Exhibit No. in Document Where Incorporated by Reference -----	
<S> <C>	<C>	
*2.1 Distribution Agreement between the registrant and Landair Corporation	2.1	
3.1 Bylaws of the registrant, as amended		--
4.1 Form of Forward Air Corporation Common Stock Certificate		--
*10.1 Transition Services Agreement between the registrant and Landair Corporation	10.1	
*10.2 Employee Benefit Matters Agreement between the registrant and Landair Corporation	10.2	
*10.3 Tax Sharing Agreement between the registrant and Landair Corporation	10.3	
10.4 Air Carrier Certificate, effective September 9, 1993, reissued September 21, 1998		--
10.5 Amended and Restated Loan and Security Agreement, dated as of September 10, 1998, between First Tennessee Bank National Association and the registrant		--
10.6 \$20.0 million Amended and Restated Master Secured Promissory Note (Line of Credit), dated as of September 10, 1998, to First Tennessee Bank National Association		--
10.7 \$15.0 million Amended and Restated Secured Promissory Note (Equipment Loan), dated as of September 10, 1998, to First Tennessee Bank National Association		--
10.8 Security Agreement, dated August 11, 1998, between SunTrust Bank, Nashville, N.A. and FAF, Inc.		--

10.9 \$8,022,000 Promissory Note, dated August 11, 1998, to SunTrust Bank, Nashville, N.A. --

27.1 Financial Data Schedule - Period Ended September 30, 1998 (Electronic Filing Only) --

27.2 Financial Data Schedule (Restated) - Period Ended September 30, 1997 (Electronic Filing Only) --

</TABLE>

*Filed as an exhibit to the Quarterly Report on Form 10-Q of Landair Corporation for the quarterly period ended September 30, 1998, filed with the Commission on November 16, 1998.

EXHIBIT 3.1

BYLAWS

OF

FORWARD AIR CORPORATION

ARTICLE I

SHAREHOLDERS

Section 1.1 Annual Meeting. The annual meeting of the shareholders of Forward Air Corporation (the "Corporation") shall be held at the principal office of the Corporation in the State of Tennessee or at such other place within or without the State of Tennessee as may be determined by the board of directors of the Corporation (the "Board of Directors" or the "Board") and as shall be designated in the notice of said meeting, on such date and at such time as may be determined by the Board of Directors. The purpose of said annual meeting shall be to elect directors and transact such other business as may properly be brought before the meeting.

Section 1.2 Special Meetings. Special meetings of the shareholders shall be held at the principal office of the Corporation in the State of Tennessee or at such other place within or without the State of Tennessee as may be designated from time to time by the Board of Directors. Whenever the Board of Directors shall fail to fix such place, or, whenever shareholders entitled to call a special meeting shall call the same, the meeting shall be held at the principal office of the Corporation in the State of Tennessee. Special meetings of the shareholders shall be held upon call of a majority of the Board of Directors, or, unless the Charter of the Corporation (the "Charter") otherwise provides, upon written demand(s), signed, dated and delivered to the Secretary of the Corporation describing the purpose or purposes for which it is to be held, by shareholders holding at least ten percent (10%) of the shares of capital stock of the Corporation issued and outstanding and entitled to vote on any issue proposed to be considered at such special meeting, at such time as may be fixed by the Secretary, and as shall be stated in the call and notice of said meeting, except when the Tennessee Business Corporation Act, as amended (the "Business Corporation Act"), confers upon the shareholders the right to demand the call of such meeting and fix the date thereof. Business transacted at any special meeting shall be confined to the purposes stated in the notice of meeting and matters germane thereto.

1

Section 1.3 Notice of Meetings. The notice of all meetings of shareholders shall be in writing, shall state the date, time and place of the meeting, and, unless it is the annual meeting, shall indicate that it is being issued by or at the direction of the person or persons calling the meeting. The notice of an annual meeting should state that the meeting is called for the election of directors and for the transaction of such other business as may properly come before the meeting and shall state the purpose or purposes of the meeting if any other action is to be taken at such annual meeting which could be taken at a special meeting. The notice of a special meeting shall, in all instances, indicate that it is being issued by or at the direction of the person or persons calling the meeting and state the purpose or purposes for which the meeting is called. If the Board of Directors shall adopt, amend or repeal a bylaw regulating an impending election of directors, the notice of the next meeting for the election of directors shall contain the bylaw so adopted, amended or repealed, together with a concise statement of the changes made. A copy of the notice of any meeting shall be served either personally or by mail, not less than ten (10) days nor more than two (2) months before the date of the meeting, to each shareholder at such shareholder's record address or at such other address which such shareholder may have furnished in writing to the Secretary of the Corporation. If a meeting is adjourned to another time or place and if any announcement of the adjourned time or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the Board of Directors, after adjournment, fixes a new record date for

the adjourned meeting, which it must do if the meeting is adjourned to a date more than four (4) months after the date fixed for the original meeting. At the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. Notice of a meeting need not be given to any shareholder who submits to the Corporation for inclusion in the minutes or filing with the corporate records a signed waiver of notice, in person or by proxy, before or after the meeting. The attendance of a shareholder at a meeting without objection at the beginning of the meeting (or promptly upon his arrival) to the lack of notice or defective notice of such meeting shall constitute a waiver of notice by such shareholder.

Section 1.4 Quorum. The holders of record of a majority of the outstanding shares of the Corporation entitled to vote at the meeting, present in person or by proxy, shall, except as otherwise provided by law or the Charter, constitute a quorum at a meeting of shareholders, provided that when a specified item of business is required to be voted on by a class or series, voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum for

2

the transaction of such specified item of business. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholder or for adjournment of the meeting unless a new record date is or must be set for the meeting.

Section 1.5 Conduct of Meetings. Meetings of the shareholders shall be presided over by the Chairman of the Board, if any, or, if the Chairman of the Board is not present, by the President, or, if the President is not present, by a Vice President, or, if neither the Chairman of the Board, the President nor a Vice President is present, by a chairman to be chosen at the meeting. The Secretary of the Corporation, or in the Secretary's absence, an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the meeting shall choose any person present to act as secretary of the meeting.

Section 1.6 Voting. For each share of the capital stock of the Corporation registered in his name on the books of the Corporation the holder thereof shall have the number of votes per share specified in the Charter. Whenever under the provisions of the Charter any shareholder is entitled to more or less than one (1) vote for any share of capital stock of the Corporation held by such shareholder, every reference in these Bylaws to a plurality or other proportion of stock shall refer to such plurality or other proportion of the votes of such stock. At each meeting of the shareholders, each shareholder having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such shareholder, or by his duly authorized attorney, and bearing a date not more than eleven (11) months prior to said meeting, unless said instrument provides for a longer period. Every shareholder entitled to vote at any meeting may so vote by proxy and shall be entitled to one (1) vote for each share entitled to vote and held by such shareholder. At all elections of directors the voting may, but need not, be by ballot and a plurality of the votes cast thereat shall elect, except as otherwise required by law or the Charter. Except as otherwise required by law, or the Charter, any other action shall be authorized by a majority of the votes cast.

Section 1.7 Record Date. For the purpose of determining the shareholders entitled to notice of, to demand a special meeting, to vote or take any other action at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining the shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action, the Board of Directors may

3

fix, in advance, a date as the record date for any such determination of shareholders. Such date shall not be more than seventy (70) days nor less than ten (10) days before the date of such meeting, nor more than seventy (70) days

prior to any other action. If no record date is fixed, the record date for the determination of shareholders entitled to notice of, to demand a special meeting, to vote or take any other action at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given or, if no notice is given, the day on which the meeting is held.

The record date for determining shareholders for any purpose other than that specified in the preceding clause shall be at the close of business on the day on which the resolution of the Board of Directors relating thereto is adopted. When a determination of shareholders of record entitled to notice of, to demand a special meeting, to vote or take any other action at any meeting of shareholders has been made as provided in this Section 1.7, such determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new record date under this Section 1.7 for the adjourned meeting; provided, however, if the meeting is adjourned to a date more than four (4) months after the date fixed for the original meeting, the Board of Directors shall fix a new record date.

Section 1.8 Shareholder Lists. An alphabetical list by voting group, and within each voting group by class or series of shares, of each shareholder's name, address and share ownership entitled to notice of a shareholders' meeting as of the record date, certified by the Secretary or other officer responsible for its preparation, or by the transfer agent, if any, shall be available for inspection by any shareholder, beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors of election, if any, or the person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

Section 1.9 Proxy Representation. Every shareholder may authorize another person or persons to act for such shareholder by proxy in all matters in which a shareholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the shareholder or such shareholder's attorney-

4

in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided by the Business Corporation Act.

Section 1.10 Inspectors. At all meetings of shareholders, the proxies and ballots shall be received, taken in charge and examined, and all questions concerning the qualification of voters, the validity of proxies and the acceptance or rejection of proxies and of votes shall be decided by two (2) inspectors of election. Such inspectors of election together with one alternate to serve in the event of death, inability or refusal by any of said inspectors of election to serve at the meeting, shall be appointed by the Board of Directors, or, if no such appointment or appointments shall have been made, then by the presiding officer at the meeting. If for any reason the inspectors of election so appointed shall fail to attend, or refuse or be unable to serve, a substitute or substitutes shall be appointed to serve as inspector or inspectors of election, in their place or stead, by the presiding officer at the meeting. No director or candidate for the office of director shall be appointed as an inspector. Each inspector shall take and subscribe an oath or affirmation faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder, the inspectors shall make a report in writing of any challenge, question or matter determined by them and execute a certificate as

to any fact found by them. Each inspector shall be entitled to reasonable compensation for such inspector's services, to be paid by the Corporation.

Section 1.11 Actions Without Meetings. Whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon; unless some number less than all of the holders of all of the outstanding shares is required by applicable law or the Charter. This section shall not be construed to alter or modify any provision of law or of the Charter under which the

5

written consent of the holders of less than all outstanding shares is sufficient for corporate action.

Section 1.12 Meaning of Certain Terms. As used herein in respect of the right to notice of a meeting of shareholders or a waiver thereof or to participate or vote thereat or to consent or dissent in writing in lieu of a meeting, as the case may be, the term "share" or "shareholder" or "shareholders" refers to an outstanding share or shares and to a holder or holders of record of outstanding shares, when the Corporation is authorized to issue only one (1) class of shares, and said reference is also intended to include any outstanding share or shares and any holder or holders of record of outstanding shares of any class upon which or upon whom the Charter confers such rights, where there are two (2) or more classes or series of shares, or upon which or upon whom the Business Corporation Act confers such rights, notwithstanding that the Charter may provide for more than one (1) class or series of shares, one (1) or more of which are limited or denied such rights thereunder.

ARTICLE II

DIRECTORS

Section 2.1 Functions and Definition. The business of the Corporation shall be managed under the direction of its Board of Directors. The use of the phrase "entire Board of Directors" herein refers to the total number of directors which the Corporation would have if there were no vacancies.

Section 2.2 Qualification and Number. Each director shall be at least eighteen (18) years of age. A director need not be a shareholder, a citizen of the United States, nor a resident of the State of Tennessee. The number of directors constituting the entire Board of Directors shall be not less than the number required by law; such number may be fixed from time to time by action of the Board of Directors or of the shareholders. The number of directors may be increased or decreased by action of the Board of Directors or shareholders, provided that any action of the Board of Directors to effect such increase or decrease shall require the vote of a majority of the entire Board of Directors. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 2.3 Election and Term. Directors who are elected at an annual meeting of shareholders, and directors who are elected in the interim to fill vacancies and newly created directorships, shall hold office until the next annual meeting

6

of shareholders or until their respective successors have been elected and qualified. In the interim between annual meetings of shareholders or special meetings of shareholders called for the election of directors, the creation of newly created directorships and to fill any vacancies in the Board of Directors, including vacancies resulting from the removal of directors for cause or without cause, may be filled by the vote of a majority of the directors then in office, although less than a quorum exists.

Section 2.4 Quorum. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting to another time and place. Except as herein otherwise provided, the vote of a majority of the directors present at the time of the vote, at a meeting duly assembled, a quorum being present at such time, shall be the act of the Board of Directors.

Section 2.5 Meetings; Notice. Meetings of the Board of Directors shall be held at such place within or without the State of Tennessee as may from time to time be fixed by resolution of the Board of Directors, or as may be specified in the notice of the meeting. Regular meetings of the Board of Directors shall be held at such times as may from time to time be fixed by resolution of the Board of Directors. Special meetings of the Board may be held at any time upon the call of the Chairman of the Board, if any, the President, the Secretary or any two (2) directors by oral, telegraphic or written notice duly served upon, sent or mailed to each director not less than two (2) days before such meeting. A meeting of the Board of Directors may be held without notice immediately after the annual meeting of shareholders at the same place at which such meeting is held. Notice need not be given of regular meetings of the Board of Directors held at times fixed by resolution of the Board of Directors. Any requirement of furnishing a notice shall be waived by any director who signs and delivers to the Corporation a waiver of notice before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him. The notice of any meeting need not specify the purpose of the meeting, and any and all business may be transacted at such meeting.

Section 2.6 Conduct of Meetings. The Chairman of the Board of Directors, if any, shall preside at all meetings of the Board of Directors, and in the Chairman's absence or inability to act, the President shall preside, and in the President's absence or inability to act, such person as may be chosen by a majority of the directors present shall preside.

7

Section 2.7 Committees. By resolution adopted by a majority of the entire Board of Directors, the directors may designate from their number two (2) or more directors to constitute an Executive Committee and other committees, each of which, to the extent provided in the resolution designating it, shall have the authority of the Board of Directors with the exception of any authority the delegation of which is prohibited by law. A majority of any such committee may determine its action and fix the time and place of its meetings, unless the Board of Directors shall otherwise provide. The Board of Directors shall have power at any time to fill vacancies in, to change the membership of, to designate alternate members of, or to discharge any such committee. All actions of the Executive Committee shall be recorded in the minutes of the Committee and reported to the Board of Directors at its meeting next succeeding such action. All actions of other committees shall be recorded in the minutes of each such committee and reported to the Board of Directors (or in the case of committees appointed by the Executive Committee, to the Executive Committee) at its meeting next succeeding such action. The Board of Directors may allow members of the Executive Committee or any other committee designated by the Board of Directors or the Executive Committee a fixed fee and expenses of attendance for attendance at meetings of such committee. Members of such committees may also receive stated fees for their services as committee members as determined by the Board of Directors. Nothing herein contained shall be construed to preclude any committee member from serving the Corporation in any other capacity as officer, agent or otherwise, and receiving compensation therefor.

Section 2.8 Compensation of Directors. The Board of Directors may, by resolution, provide for payment to directors of a fixed fee for their services as directors, without regard for attendance at meetings of the Board, and for payment of expenses for attendance at such meetings. Nothing herein contained shall be construed as precluding any director from serving the Corporation in any other capacity as member of a committee, officer, agent or otherwise and receiving compensation therefor.

Section 2.9 Honorary Directors. The Board of Directors may from time to time name, in its discretion, any director who shall have resigned or shall

have declined nomination for a further term, an Honorary Director for such term as the Board of Directors by resolution shall establish. An Honorary Director may, at the invitation of the Chairman of the Board, attend meetings of the Board of Directors. Honorary Directors shall not be entitled to vote on any business coming before the Board of Directors nor shall any Honorary Director be counted

8

for the purpose of determining the number necessary to constitute a quorum, for the purpose of determining whether a quorum is present or for any other purpose whatsoever. The termination of any person's relationship with the Corporation as Honorary Director shall not be deemed to create a vacancy in the position of Honorary Director. By resolution of the Board of Directors a fixed annual fee may be allowed to an Honorary Director. Honorary Directors shall not be directors of the Corporation and shall not have rights, privileges or powers other than those specifically provided in this Section 2.9 or as may be specifically given or assigned by the Board of Directors.

Section 2.10 Dividends. Subject always to the provisions of law and the Charter, the Board of Directors shall have full power to determine whether any, and if any, what part of any, funds legally available for the payment of dividends shall be declared as dividends and paid to shareholders; the division of the whole or any part of such funds of the Corporation shall rest wholly within the lawful discretion of the Board of Directors, and it shall not be required at any time, against such discretion, to divide or pay any part of such funds among or to the shareholders as dividends or otherwise; and before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Board of Directors shall deem conducive to the interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

Section 2.11 Resignation; Removal of Directors. A director may resign at any time upon delivery of written notice to the Board of Directors, Chairman of the Board, President or the Corporation. Such resignation shall be effective upon delivery unless the notice specifies a later effective date. At any special meeting of the shareholders, duly called as provided in these Bylaws, any director or directors may be removed from office by the shareholders, with or without cause, and such director's successor or directors' successors may be elected at such meeting. One (1) or more directors may be removed for cause by a majority of the entire Board of Directors.

Section 2.12 Actions Without Meetings. Any action required or permitted to be taken by the Board of Directors or by any committee thereof may be taken without a meeting if a

9

majority of all members of the Board of Directors or of any such committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board of Directors or of any such committee shall be filed with the minutes of the proceedings of the Board of Directors or of any such committee.

Section 2.13 Electronic Communication. Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or any such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

ARTICLE III

OFFICERS

Section 3.1 Election. The Board of Directors promptly after the election thereof held in each year, shall elect the officers of the Corporation, which shall include a President and a Secretary, and which may include a Chairman of the Board, one (1) or more Vice Presidents, a Treasurer, and a Controller, and may also include Assistant Secretaries, Assistant Treasurers, Assistant Controllers and such other officers, agents and employees as the Board may from time to time deem proper, who shall hold their offices for such term and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. The Board of Directors shall fix the salaries of the Chairman of the Board, the President, and Vice Presidents, the Treasurer, the Controller and the Secretary. Unless fixed by the Board of Directors or a committee thereof, the salaries of all other officers, agents and employees shall be fixed by the Chief Executive Officer. Any two (2) or more offices may be held by the same person except the offices of President and Secretary. The Chairman of the Board shall be a member of the Board of Directors.

Section 3.2 Term. The term of office of all officers shall be until their respective successors have been elected and qualified, but any officer may be removed from office, either with or without cause, at any time by the affirmative vote of a majority of the whole Board of Directors. Any vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board of Directors.

10

Section 3.3 Duties. The officers of the Corporation shall each have such powers and duties as are set forth in these Bylaws and such additional powers and duties as from time to time may be conferred upon them by the Board of Directors, and, subject thereto, such powers and duties as generally pertain to their respective offices, and the Board of Directors may from time to time impose and confer any or all of the powers and duties hereinafter specifically prescribed for any officer upon any other officer or officers.

Section 3.4 Resignation; Removal of Officers. An officer may resign at any time upon delivery of notice to the Corporation. Such resignation shall be effective upon delivery unless the notice specifies a later effective date. In the event that an officer specifies in his notice a later effective date, and the Corporation accepts the future effective date, the Board may fill the pending vacancy prior to the effective date; provided, however, that the Board designates that the successor officer does not take office until such effective date. Any officer may be removed from office, either with or without cause, at any time by the affirmative vote of a majority of the whole Board of Directors. Further, any officer or assistant officer, if appointed by another officer, may likewise be removed by such officer.

Section 3.5 Chairman of the Board. The Chairman of the Board shall preside at all meetings of the shareholders and the Board of Directors at which he shall be present and shall furnish advice and counsel to the Board of Directors. In the absence of a Chief Executive Officer, the Chairman of the Board shall be the Chief Executive Officer of the Corporation. The Chairman of the Board shall exercise the powers and perform the duties usual to a chairman of the board of a corporation, and shall have such other powers and duties as may be assigned to him by the Board of Directors.

Section 3.6 Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation and direct the business, affairs and property of the Corporation. The Chief Executive Officer shall exercise the powers and perform the duties usual to a chief executive officer and shall have such other powers and duties as may be assigned to him from time to time by the Board of Directors. In the absence of a Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the shareholders and the Board of Directors.

Section 3.7 President. The President, in the absence of a Chairman of the Board or a Chief Executive Officer, shall preside at all meetings of the shareholders and the Board of

Directors at which he shall be present. The President shall be the Chief Operating Officer and shall direct the operations of the business of the Corporation, and report to the Chief Executive Officer. In the absence of a Chief Executive Officer or a Chairman of the Board, the President shall report directly to the Board of Directors. In the absence of a Chief Executive Officer, and in the event the Board of Directors has not vested such powers in a Chairman of the Board, the President shall be the Chief Executive Officer. He shall have such other powers and duties as may be assigned to him from time to time by the Board of Directors.

Section 3.8 Vice Presidents. The Vice Presidents shall be of such number and shall have such titles of designation as may be determined from time to time by the Board of Directors. They shall perform such duties as may be assigned to them, respectively, from time to time by the Board of Directors.

Section 3.9 Secretary. The Secretary shall give, or cause to be given, notice of all meetings of shareholders and directors, and all other notices required by law or by these Bylaws, and in the case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the Chairman of the Board, or by the directors or shareholders upon whose request the meeting is called as provided in these Bylaws. He shall record all the proceedings of the meetings of shareholders, the Board of Directors and Executive Committee in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the Board of Directors or the Chief Executive Officer. The Secretary shall have the custody of the records and the seal, if any, of the Corporation. He shall affix the seal, if any, to any instrument requiring it, when signed by a duly authorized officer or when specifically authorized by the Board of Directors or the Chairman of the Board, and attest the same. In the absence or incapacity of the Secretary, any Assistant Secretary may affix the seal, if any, to any such instrument and attest the same.

Section 3.10 Assistant Secretaries. The Assistant Secretaries shall have such powers and shall perform such duties as may be assigned to them from time to time by the Board of Directors, the Chief Executive Officer or the Secretary.

Section 3.11 Treasurer. The Treasurer shall be responsible for establishing and executing programs providing for long and short term financing needs of the Corporation. He shall establish policies for the receipt, custody and disbursement of the Corporation's monies and securities, and

for investment of the Corporation's funds. He shall perform such other duties as may be assigned to him from time to time by the Board of Directors or the Chief Executive Officer.

Section 3.12 Assistant Treasurers. The Assistant Treasurers shall have such powers and shall perform such duties as may be assigned to them from time to time by the Board of Directors, the Chief Executive Officer or the Treasurer.

Section 3.13 Controller. The Controller shall be responsible for the development and maintenance of accounting policies and systems properly to record, report and interpret the financial position and the results of operations of the Corporation. He shall be responsible for development and maintenance of adequate plans for the financial control of operations and the protection of the assets of the Corporation. He shall perform such other duties as may be assigned to him from time to time by the Board of Directors or the Chief Executive Officer.

Section 3.14 Assistant Controllers. The Assistant Controllers shall have such powers and shall perform such duties as may be assigned to them from time to time by the Board of Directors, the Chief Executive Officer or the Controller.

Section 3.15 Presiding Officer at Meetings of the Shareholders and Board of Directors. The presiding officer at any meeting of the shareholders or

the Board of Directors at which the Chairman of the Board and the Chief Executive Officer are absent shall be the President, or such other officer designated to so preside by the Chairman of the Board. If the Chairman of the Board, for any reason, shall not have designated any officer to preside at any such meeting, then the Chief Executive Officer or President shall preside. In the event that both the Chief Executive Officer and President shall be absent, then the Executive Vice President-Finance, if there be such an officer, and he is a member of the Board, shall preside. If the Executive Vice President-Finance shall also be absent or if there be no such officer, then the most senior (in terms of time served in the office of Executive Vice President) of the other Executive Vice Presidents, if there be such an officer, and he is a member of the Board, shall preside.

Section 3.16 Corporation as Security Holder. Unless otherwise ordered by the Board of Directors, the President, or, in the event of the President's inability to act, the Vice President designated by the Board of Directors to act in the absence of the President or, in the absence of such designation, in the order of such Vice President's seniority,

13

shall have full power and authority on behalf of the Corporation to attend and to act and to vote at any meetings of security holders of corporations in which the Corporation may hold securities, and at such meetings shall possess and may exercise any and all rights and powers incident to the ownership of such securities, and which as the owner thereof the Corporation might have possessed and exercised, if present. The Board of Directors by resolution from time to time may confer like powers upon any other person or persons.

ARTICLE IV

CERTIFICATES REPRESENTING SHARES

Section 4.1 Certificates; Signatures. The interest of each shareholder of the Corporation shall be evidenced by certificates representing shares in such form not inconsistent with the Charter as the Board of Directors may from time to time prescribe. Certificates representing shares shall have set forth thereon the statements prescribed by law and shall be signed by the Chairman, President or a Vice President and by the Secretary or an Assistant Secretary or Treasurer or an Assistant Treasurer and may be sealed with the corporate seal or a facsimile thereof. The signatures of the officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation itself or its employee. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if such officer were an officer at the date of its issue.

Section 4.2 Transfer of Shares. Upon compliance with provisions restricting the transferability of shares, if any, transfers of shares of the Corporation shall be made only on the share record of the Corporation by the registered holder thereof, or by such holder's attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation or with a transfer agent or a registrar, if any, and upon the surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes due thereon. A certificate representing shares shall not be issued until the full amount of consideration therefor has been paid, except as the Business Corporation Act may otherwise permit.

Section 4.3 Fractional Shares. The Corporation may issue certificates for fractions of a share where necessary to effect

14

transactions authorized by the Business Corporation Act which shall entitle the holder, in proportion to such holder's fractional holdings, to exercise voting rights, receive dividends and participate in liquidating distributions; or the

Corporation may pay in cash the value of fractions of a share as of the time when those entitled to receive such fractions is determined; or it may issue scrip in registered or bearer form over the manual or facsimile signature of an officer of the Corporation or of its agent, exchangeable as therein provided for full shares, but such scrip shall not entitle the holder to any rights of a shareholder except as therein provided. The Board of Directors shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the Corporation.

Section 4.4 Replacement Certificates. No certificates representing shares shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft as the Board of Directors may require, and on delivery to the Corporation, if the Board of Directors shall so require, of a bond of indemnity in such amount, upon such terms and secured by such surety as the Board of Directors may in its discretion require.

Section 4.5 Registered Shareholders. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to, or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Tennessee.

ARTICLE V

FISCAL YEAR

The fiscal year of the Corporation shall be fixed from time to time by resolution of the Board of Directors.

ARTICLE VI

CORPORATE SEAL

The Corporation may, but shall not be required to, adopt a corporate seal. The corporate seal shall have inscribed

15

thereon the name of the Corporation and the year of its incorporation, and shall be in such form and contain such other words and/or figures as the Board of Directors shall determine. The corporate seal may be used by printing, engraving, lithographing, stamping or otherwise making, placing or affixing, or causing to be printed, engraved, lithographed, stamped or otherwise made, placed or affixed upon any paper or document, by any process whatsoever, an impression, facsimile or other reproduction of said corporate seal.

ARTICLE VII

INDEMNIFICATION

The Corporation shall indemnify to the full extent permitted by law any person made or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person or such person's testator or intestate is or was a director, officer or employee of the Corporation or serves or served at the request of the Corporation any other enterprise as a director, officer or employee. Expenses incurred by any such person in defending any such action, suit or proceeding shall be paid or reimbursed by the Corporation promptly upon receipt by it of an undertaking of such person to repay such expenses if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. The rights provided to any person by this bylaw shall be enforceable against the Corporation by such person who shall be presumed to have relied upon it in serving or continuing to serve as a director, officer or employee as provided above. No amendment of this bylaw shall impair the rights of any person arising at any time with respect to events occurring prior to

such amendment. For purposes of this article, the term "Corporation" shall include any predecessor of the Corporation and any constituent corporation (including any constituent of a constituent) absorbed by the Corporation in a consolidation or merger; the term "other enterprise" shall include any corporation, partnership, joint venture, trust, employee benefit plan or other enterprise; service "at the request of the Corporation" shall include service as a director, officer or employee of the Corporation which imposes duties on, or involves services by, such director, officer or employee with respect to an employee benefit plan, its participants or beneficiaries; any excise taxes assessed on a person with respect to an employee benefit plan shall be deemed to be indemnifiable expenses; and action taken or omitted by a person with respect to an employee benefit plan which such person reasonably believes to be in the interest of the

16

participants and beneficiaries of such plan shall be deemed to be action not opposed to the best interests of the Corporation.

ARTICLE VIII

GENERAL

Section 8.1 Financial Reports. The directors may appoint the Treasurer or other fiscal officer and/or the Secretary or any other officer to cause to be prepared and furnished to shareholders entitled thereto any special financial notice and/or financial statement, as the case may be, which may be required by any provision of law.

Section 8.2 Books and Records. The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the shareholders, of the Board of Directors, and/or any committee which the directors may appoint, and shall keep at the office of the Corporation in the State of Tennessee or at the office of the transfer agent or registrar, if any, in said state, a record containing the names and addresses of all shareholders, the number and class of shares held by each, and the dates when such shareholders respectively became the owners of record thereof. Any of the foregoing books, minutes or records may be in written form or in any other form capable of being converted into written form within a reasonable time.

ARTICLE IX

AMENDMENTS

An affirmative vote of a majority of the shareholders entitled to vote in the election of directors may make, alter, amend or repeal the Bylaws and may adopt new Bylaws. Except as otherwise required by law, the Charter or by the provisions of these Bylaws, the Board of Directors may also make, alter, amend or repeal the Bylaws and adopt new Bylaws, but Bylaws adopted by the Board of Directors may be altered, amended or repealed by the said shareholders.

17

EXHIBIT 4.1

\$.01 PAR VALUE

\$.01 PAR VALUE

COMMON STOCK

COMMON STOCK

INCORPORATED UNDER THE LAWS OF THE STATE OF TENNESSEE

SEE REVERSE FOR ADDITIONAL INFORMATION AND CERTAIN DEFINITIONS

CUSIP 349853 10 1

FORWARD AIR CORPORATION

THIS CERTIFIES THAT

is the owner of

FULLY PAID AND NONASSESSABLE SHARES OF THE COMMON STOCK, \$.01 PAR VALUE, OF

FORWARD AIR CORPORATION
CERTIFICATE OF STOCK

transferable only on the books of the Corporation in person or by Attorney on surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned and registered by the Transfer Agent and Registrar.

In Witness Whereof the Corporation has caused this Certificate to be signed by the facsimile signatures of its duly authorized officers.

COUNTERSIGNED AND REGISTERED:
SUNTRUST BANK, ATLANTA
TRANSFER AGENT
AND REGISTRAR

BY

AUTHORIZED SIGNATURE

Dated:

/s/ Richard H. Roberts

/s/ Scott M. Niswonger

Secretary

Chairman

FORWARD AIR CORPORATION

The Corporation will furnish to any shareholder, without charge and upon request addressed to the Corporation at its principal office at 430 Airport Road, Greeneville, Tennessee 37745, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class or series authorized to be issued, so far as they have been determined, and the authority of the Corporation's Board of Directors to determine the relative rights and preferences of subsequent classes or series of shares.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

<TABLE>

<S>

<C>

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT- _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors
Act _____

(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFICATION NUMBER OF ASSIGNEE

Please print or typewrite name and address including postal zip code of assignee

----- Shares

of the Common Stock represented by the within Certificate and do hereby
irrevocably constitute and appoint

Attorney to transfer the said stock on the books of the within-named Corporation
with full power of substitution in the premises.

Dated

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UOPN THE FACE
OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

SIGNATURE(S) GUARANTEED: -----

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCK-
BROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE
GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

</TABLE>

EXHIBIT 10.5

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT ("Agreement"), dated as of September 10, 1998, is made and entered into on the terms and conditions hereinafter set forth, by and between FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association with offices in Greeneville, Tennessee ("Lender"), and FORWARD AIR CORPORATION, a Tennessee corporation with principal offices in Greeneville, Tennessee that was formerly known as Landair Services, Inc. ("Borrower").

RECITALS:

A. Pursuant to that certain Loan Agreement (Equipment Loan) between Lender, Borrower, Landair Transport, Inc., a Tennessee corporation ("LTI"), and Forward Air International Airlines, Inc., a Tennessee corporation (formerly known as Landair International Airlines, Inc.) ("FAIA"), dated October 17, 1994, as amended by a First Amendment to Loan and Security Agreements dated October 20, 1994, a Second Amendment to Loan and Security Agreements dated December 23, 1994, a Third Amendment to Loan and Security Agreements dated May 24, 1995, a Fourth Amendment to Loan and Security Agreements dated May 31, 1995, a Fifth Amendment to Loan and Security Agreements dated December 22, 1995, a Sixth Amendment to Loan and Security Agreements dated January 30, 1998, a Seventh Amendment to Loan and Security Agreements dated January 30, 1998, a Eighth Amendment to Loan and Security Agreements dated February 24, 1998, and a Ninth Amendment to Loan and Security Agreements dated March 24, 1998 (collectively, the "Equipment Loan Agreement"), Lender has made available to Borrower an equipment loan facility in the original principal amount not exceeding \$15,000,000 (the "Equipment Loan") on the terms and conditions set forth in the Equipment Loan Agreement.

B. Pursuant to that certain Line of Credit Loan Agreement between Lender, Borrower, LTI, FAIA, Forward Air, Inc., a Tennessee corporation ("FAI"), and Transportation Properties, Inc., a Tennessee corporation (formerly known as Landair Properties, Inc.) ("TPI"), dated October 17, 1994, as amended by a First Amendment to Line of Credit Loan Agreement and to Amended and Restated Security Agreement dated May 31, 1995, a Second Amendment to Line of Credit Loan Agreement and to Amended and Restated Security Agreement dated January 28, 1997, and a Third Amendment to Line of Credit Loan Agreement and to Amended and Restated Security Agreement dated January 30, 1998 (collectively, the "Line of Credit Loan Agreement"), Lender has made available to Borrower a line of credit in the original principal amount not exceeding \$15,000,000 (the "Line of Credit"; the Equipment Loan and the Line of Credit are sometimes hereinafter referred to individually as a "Loan" and individually and collectively as the "Loans") on the terms and conditions set forth in the Line of Credit Loan Agreement.

C. The indebtedness of Debtor under the Equipment Loan is evidenced by Debtor's Restated, Amended and Replacement Promissory Note (Equipment Loan) in favor of Lender dated January 30, 1998 (the "Prior Equipment Note") and the indebtedness of Debtor under the Line

of Credit is evidenced by Debtor's Restated, Amended and Replacement Promissory Note (Line of Credit) in favor of Lender dated January 30, 1998 (the "Prior Line of Credit Note").

D. Borrower intends to effect a spin-off of LTI and certain of its other subsidiaries and has requested Lender to amend and restate the Equipment Loan Agreement and Line of Credit Loan Agreement to reflect such reorganization, to extend the maturity of the Loans and to increase the Line of Credit to \$20,000,000.

E. Lender, in reliance upon the representations and inducements of Borrower contained herein, has agreed to amend and restate the Equipment Loan Agreement and Line of Credit Loan Agreement and amend the terms of the Loans subject to and upon the terms and conditions hereinafter set forth.

AGREEMENTS:

NOW, THEREFORE, in consideration of the agreement of Lender to make the Loans and the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender and Borrower hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1. Defined Terms. As used in this Agreement, in addition to other terms defined herein, the following terms shall have the indicated meanings:

"Account Debtor" shall mean any person which is now or hereafter obligated or indebted to Borrower or any Guarantor on any Account Receivable.

"Accounts Receivable", "Receivable" or "Account" shall mean all amounts owed to Borrower on account of sales, leases or rentals of goods or services rendered in the ordinary course of Borrower's or any Guarantor's trade or business.

"Applicable Margin" shall mean, with respect to any Borrowing, the percentage from Column A below, if the Cash Flow Coverage Ratio is equal to or greater than 2.5:1.0, or from Column B below, if the Cash Flow Coverage Ratio is less than 2.5:1.0, which corresponds to the Debt to Worth Ratio of the Borrower and Guarantors set forth below:

<TABLE>

<CAPTION>

	Column A -----	Column B -----
Debt to Worth Ratio -----	Applicable Margin -----	Applicable Margin -----
<S>	<C>	<C>
Equal to or less than 1.5:1.0	1.00%	1.10%
From 1.5 up to and including 2.0:1.0	1.25%	1.35%
From 2.0 up to and including 2.5:1.0	1.50%	1.60%
Greater than 2.5:1.0	1.75%	1.85%

</TABLE>

2

For purposes of this definition, the Cash Flow Coverage Ratio and Debt to Worth Ratio shall be determined by the quarterly financial statements delivered pursuant to Section 8.4 hereof, which determination shall be effective as of the date of the delivery of such financial statements with respect to all Borrowings outstanding hereunder.

"Borrowing" shall mean an Equipment Borrowing or a Line of Credit Borrowing.

"Borrowing Base" means (a) for the period from the date of the Distribution, as defined in Section 6.1, until the earlier of (i) nine months thereafter or (ii) the date the Borrower receives the proceeds of the Public Offering, an aggregate amount equal to one hundred and ten percent (110%) of Eligible Receivables and (b) thereafter an aggregate amount equal to eighty percent (80%) of Eligible Receivables.

"Business Day" shall mean any day on which commercial banks in Greeneville, Tennessee are neither authorized nor required by law or executive order to close.

"Cash Flow" shall mean, in any fiscal period, the net income of Borrower, Guarantors and Other Subsidiaries plus depreciation plus amortization of intangible assets plus the interest portion of scheduled debt service plus taxes plus payments made under operating leases less dividends paid to shareholders, all on a consolidated basis and as determined in accordance with generally accepted accounting principles.

"Cash Flow Coverage Ratio" shall mean the ratio of Cash Flow to (a) current maturities of long-term indebtedness and interest payments relating thereto (including payments made pursuant to capitalized leases) plus (b) payments made under operating leases, all as determined with regard to Borrower, Guarantors and Other Subsidiaries on a consolidated basis in accordance with generally accepted accounting principles.

"Debt to Worth Ratio" shall mean the ratio of consolidated total liabilities of Borrower, Guarantors and Other Subsidiaries to consolidated Net Worth of Borrower, Guarantors and Other Subsidiaries, all as determined on a consolidated basis and in accordance with generally accepted accounting principles.

"Eligible Receivables" shall mean Accounts Receivable (a) in which Lender holds a valid, perfected first security interest; (b) which arise from goods theretofore sold and delivered or services theretofore rendered to the Account Debtor; (c) with respect to which no setoffs, counterclaims or defenses are claimed by the Account Debtor; (d) which constitute the binding obligation of an Account Debtor which at the time a Line of Credit advance or extension of credit is requested based upon such Account, and at all times thereafter while a Line of Credit advance or extension of credit remains outstanding, is solvent, is financially able to pay its debts and obligations as they become due and is paying its debts and obligations as they become due; (e)

3

which do not remain unpaid more than ninety (90) days after the date of the invoice relating to the Accounts Receivable; and (f) with respect to which the Account Debtor is not a Related Person.

"Equipment Loan Borrowing" shall mean a borrowing against the Equipment Loan by Borrower pursuant to Article 2 hereof.

"Interest Payment Date" shall mean the first Business Day of each month and the maturity date of the Loan with respect to which such Borrowing relates.

"Interest Period" shall mean a period of one month, provided that

(1) the first Interest Period shall begin on the date of this Agreement and shall end on the first Business Day of the succeeding month;

(2) if any Interest Period would otherwise not end on the first Business Day of a month, the Interest Period shall be automatically shortened so that such Interest Period ends on the first Business Day of the month next succeeding the month in which such Interest Period began;

(3) if any Interest Period otherwise would expire on day that is not a Business Day, then such Interest Period shall be extended to expire on the next succeeding Business Day;

(4) in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the day on which the next preceding Interest Period expires; and

(5) no Interest Period for any Loan shall extend beyond the maturity date of such Loan.

"Interest Rate Determination Date" shall mean each date for calculating LIBOR for purposes of determining the interest rate in respect of an Interest Period, which in each case shall be the second (2nd) Business Day prior to the first (1st) day of such Interest Period.

"Interim Period" shall mean the period of time from the date hereof until the earlier of (i) the date the Borrower receives the proceeds of the Public Offering, or (ii) November 30, 2000.

"LIBOR" shall mean the London Interbank Offered Rate for U.S. Dollar-denominated interbank obligations in the London, England, market. The LIBOR applicable to a Borrowing for an Interest Period is the LIBOR for obligations with term of one month selected as of 11:00 a.m. London time (a) two (2) Business Days prior to the first day of the Interest Period, or (b) if Lender elects, the first day of such Interest Period or the Business Day prior

4

thereto, and rounded up to the nearest .01% per annum. Lender may determine LIBOR from TELERATE or any other generally recognized financial reporting service.

"Line of Credit Borrowing" shall mean a borrowing against the Line of Credit by Borrower pursuant to Article 3 hereof.

"Net Worth" means the excess of the combined book value of the assets of Borrower, Guarantors and Other Subsidiaries over their combined liabilities, calculated in accordance with generally accepted accounting principles; provided, however, that in performing such calculation there shall be (a) excluded from the assets (i) any amounts owed to Borrower, any Guarantor or any Other Subsidiary by a Related Person, and (ii) any amounts owed to Borrower, any Guarantor or any Other Subsidiary by an employee of Borrower, of a subsidiary or of any Related Person, and (b) included, as equity, any indebtedness owed by Borrower, any Guarantor or any Other Subsidiary to any person which indebtedness has, by formal binding agreement (in form and substance satisfactory to Lender) been deferred and subordinated in priority of payment to the indebtednesses and obligations of Borrower and the Guarantors to Lender.

"Notes" shall mean the Equipment Loan Note and the Line of Credit Note, individually and collectively, together with any and all extensions, modifications, renewals and/or replacements thereof.

"Other Subsidiary" means any subsidiary of Borrower whose stock is now or hereafter pledged to Lender in a manner satisfactory to Lender (unless such pledge is waived in writing by Lender) and whose financial statements are consolidated with Borrower's financial statements under generally accepted accounting principles.

"Public Offering" means the public offering of equity securities of Borrower that is contemplated by Borrower in an approximate amount of \$18,000,000.

"Related Person" shall mean any person (a) which now or hereafter directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, Borrower or any Guarantor, or (b) which now or hereafter beneficially owns or holds five percent (5%) or more of the capital stock of Borrower or any Guarantor (or such greater percentage as may be approved in advance, in writing by Lender, such approval not to be unreasonably withheld or delayed), or (c) five percent (5%) or more of the capital stock of which is beneficially owned or held by Borrower or any Guarantor (or such greater percentage as may be approved in advance, in writing by Lender, such approval not to be unreasonably withheld or delayed). For the purposes hereof, "control" shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract or otherwise.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect in the State of Tennessee from time to time.

5

ARTICLE II

THE EQUIPMENT LOAN

2.1. Evidence of Equipment Loan Indebtedness; Advances; Repayment.

(a) The Equipment Loan shall be evidenced by an Amended and Restated Secured Promissory Note (Equipment Loan) of even date herewith, in the original principal amount of Fifteen Million and No/100 Dollars (\$15,000,000), made and executed by Borrower, payable to the order of Lender, in substantially the form attached hereto as Exhibit A-1, which amends and restates the Prior Equipment Note in its entirety (together with any extensions, modifications, renewals and/or replacements thereof, herein referred to as the "Equipment Loan Note").

(b) Subject to and upon compliance with all applicable terms and conditions of this Agreement, and so long as no Event of Default (or event that with the giving of notice or the passage of time or both would constitute an Event of Default) has occurred and is continuing hereunder, Lender shall advance the proceeds of the Equipment Loan to or as directed by Borrower in one or more advance upon not less than two (2) Business Day's notice from Borrower to Lender in an aggregate amount outstanding not to exceed at any time \$15,000,000 provided, however, that (i) no advance under the Equipment Loan after the date of this Agreement shall be in amount in excess of the cost of the equipment being purchased with the proceeds of such advance, (ii) in no event shall the aggregate amount of all advances under the Equipment Loan to purchase equipment subsequent to the date of this Agreement exceed 100% of the book value of such purchased equipment and (iii) Lender shall not be required to make any advances under the Equipment Loan on or after the date that is two years from the date hereof unless Lender and Borrower mutually agree to extend such date on terms mutually satisfactory to both parties.

(c) The indebtedness of Borrower to Lender in connection with the Equipment Loan shall be payable in accordance with the terms of the Equipment Loan Note and as provided in this subsection. The principal outstanding on the Equipment Loan Note as of the date hereof, together with interest thereon, shall be payable as provided in the Equipment Loan Note. Any principal amount drawn on the Equipment Loan Note after the date hereof, together with interest thereon, shall be payable by Borrower making monthly payments as of the first day of each month, beginning the first day of the first month after such drawing, or such other day of the month as the parties may agree upon, in an amount sufficient to amortize the principal amount so drawn in level payments over a period of seven years (five years in the case of draws to purchase equipment other than transportation trailers) at an assumed interest rate equal to LIBOR (as of such draw) plus the Applicable Margin plus two percent (2.0%) (with any assumed interest in excess of the interest being actually accrued being applied to amortize principal). In the event that LIBOR plus the Applicable Margin exceeds at any time such assumed rate of interest, the monthly payments with respect to any such draws or with respect to the amount outstanding under the Equipment Loan Note as of the date hereof may be recalculated by

6

Lender, from time to time, utilizing the most recent actual interest rate on the Equipment Loan Note. Upon any such recalculation, Lender shall give Borrower notice of the adjusted payments to be made by Borrower hereunder.

2.2. Notice of Equipment Loan Borrowing.

(1) Delivery of Notice. Whenever Borrower desires to make a Equipment Loan Borrowing, it shall deliver to Lender written notice (a "Notice of Equipment Loan Borrowing") no later than 12:00 noon (Eastern time) at least two (2) Business Days in advance of the date on which the funding of the Equipment Loan Borrowing is to occur (an "Equipment Loan Funding Date"), which notice shall be accompanied by a Certificate of Draw Against Equipment Loan in the form contained in Exhibit A-1 attached hereto. The Notice of Equipment Loan Borrowing shall specify (i) the proposed Equipment Loan Funding Date (which shall be a Business Day), and (ii) the amount of the proposed Equipment Loan Borrowing. The execution and delivery of each Notice of Equipment Loan Borrowing shall be deemed a representation and warranty by Borrower that the requested Equipment Loan Borrowing may be made in accordance

with, and will not violate the requirements of, this Agreement.

(2) Notice Irrevocable. A Notice of Equipment Loan Borrowing for a Line of Credit Borrowing shall be irrevocable on and after the related Interest Rate Determination Date, and Borrower shall be bound to make a Equipment Loan Borrowing in accordance therewith.

2.3. Disbursement of Funds. Promptly after receipt of a Notice of Equipment Loan Borrowing and provided all conditions to such Borrowing contained herein have been met, Lender shall make the amount of the Equipment Loan Borrowing available to Borrower on the Equipment Loan Funding Date by causing an amount of immediately available (same day) funds equal to the amount of such Borrowing to be credited to or for the benefit of the account of Borrower at the office of the Lender.

2.4. Interest; Interest Payments.

(a) The unpaid principal balance of the Equipment Loan, or any portion thereof, shall bear interest at a rate equal to LIBOR plus the Applicable Margin, as LIBOR and the Applicable Margin change from time to time.

(b) The interest accrued on each Equipment Loan Borrowing shall be payable on each Interest Payment Date applicable to such Borrowing, upon any prepayment of any Borrowing (to the extent accrued on the amount being prepaid) and at maturity.

2.5. Purpose of Equipment Loan and Use of Proceeds. The purpose of the Equipment Loan shall be to finance the acquisition of transport equipment and other equipment and property for use by Borrower in the conduct of its business. The proceeds of the Equipment Loan shall not be used for any other purposes.

ARTICLE III

THE LINE OF CREDIT AND LETTERS OF CREDIT

3.1. Evidence of Line of Credit Indebtedness; Advances; Repayment.

(a) The Line of Credit shall be evidenced by that certain Amended and Restated Master Secured Promissory Note (Line of Credit Loan) of even date herewith, in the original principal amount not exceeding Twenty Million and No/100 Dollars (\$20,000,000), made and executed by Borrower, payable to the order of Lender, in substantially the form attached hereto as Exhibit A-2, which amends and restates the Prior Line of Credit Note in its entirety (together with any extensions, modifications, renewals and/or replacements thereof, herein referred to as the "Line of Credit Note").

(b) Subject to and upon compliance with all applicable terms and conditions of this Agreement, and so long as no Event of Default (or event that with the giving of notice or the passage of time or both would constitute an Event of Default) has occurred and is continuing hereunder, Lender shall advance proceeds of the Line of Credit to Borrower upon Borrower's request in an aggregate amount outstanding at any one time not to exceed the lesser of (1) the Borrowing Base in effect from time to time, or (2) \$20,000,000.

(c) The indebtedness of Borrower to Lender in connection with the Line of Credit shall be evidenced by, and payable in accordance with the terms of, the Line of Credit Note. In addition, Borrower covenants and agrees to maintain its Eligible Receivables in an aggregate amount sufficient to keep the aggregate outstanding principal balance of the advances made in respect of the Line of Credit within the limits herein specified. If at any time the limits herein specified are exceeded, Borrower shall immediately pay to Lender an amount sufficient to reduce the aggregate outstanding principal balance of the Line of Credit to an amount that is within the limits herein specified.

(d) The Lender has issued, as listed on Exhibit B, and shall from time to time hereafter issue, letters of credit for the account of Borrower

pursuant to applications submitted to Lender by Borrower. It is understood and agreed that:

- (1) the credit availability under the Line of Credit shall be reduced by the aggregate undrawn amount from time to time available under outstanding letters of credit, and
- (2) any amounts paid by Lender under any such letters of credit shall be deemed to be advances against the Line of Credit Note, and the indebtedness of Borrower to Lender in connection therewith shall constitute a part of the Obligations (as hereinafter defined) and shall be secured as hereinafter set forth in

8

the same manner as all other advances made by Lender against the Line of Credit Note.

Borrower acknowledges and agrees that Lender's issuance of additional letters of credit is subject to additional conditions and restrictions which Lender may impose in its sole discretion from time to time, including the execution by Borrower of a letter of credit application and reimbursement agreement with respect to the letter of credit.

3.2. Notice of Line of Credit Borrowing.

(1) Delivery of Notice. Whenever Borrower desires to make a Line of Credit Borrowing, it shall deliver to Lender written notice (a "Notice of Line of Credit Borrowing") no later than 12:00 noon (Eastern time) of the day on which the funding of the Line of Credit Borrowing is to occur, which date must be a Business Day (a "Line of Credit Funding Date"). The Notice of Line of Credit Borrowing shall specify (i) the proposed Line of Credit Funding Date (which shall be a Business Day), and (ii) the amount of the proposed Line of Credit Borrowing. The execution and delivery of each Line of Credit Notice of Borrowing shall be deemed a representation and warranty by Borrower that the requested Line of Credit Borrowing may be made in accordance with, and will not violate the requirements of, this Agreement.

(2) Notice Irrevocable. A Notice of Line of Credit Borrowing for a Line of Credit Borrowing shall be irrevocable on and after the related Interest Rate Determination Date, and Borrower shall be bound to make a Line of Credit Borrowing in accordance therewith.

3.3. Disbursement of Funds. Promptly after receipt of a Notice of Line of Credit Borrowing, and provided all conditions to such Borrowing contained herein have been met, Lender shall make the amount of the Borrowing available to Borrower on the Line of Credit Funding Date by causing an amount of immediately available (same day) funds equal to the amount of such Borrowing to be credited to the account of Borrower at the office of the Lender.

3.4. Interest; Interest Payments.

(a) The unpaid principal balance of the Line of Credit Loan, or any portion thereof, shall bear interest at a rate equal to LIBOR plus the Applicable Margin, as LIBOR and the Applicable Margin change from time to time.

(b) The interest accrued on each Borrowing shall be payable on each Interest Payment Date applicable to such Borrowing, upon any prepayment of any Borrowing (to the extent accrued on the amount being prepaid) and at maturity.

3.5. Purposes of Loan and Use of Proceeds. The purpose of the Line of Credit shall be to provide working capital to Borrower and Guarantors on a revolving basis. The proceeds of the Line of Credit shall not be used for any other purposes.

9

3.6. Unused Commitment Fee. In addition to the fee payable under Section 10.1 herein, a fee equal to the percentage per annum, as determined in accordance with the chart set forth below and calculated on the basis of a year of 360 days and payable for the actual number of days elapsed on the average daily balance, of the unused portion of the Line of Credit shall be payable by Borrower quarterly in arrears, commencing on December 31, 1998 (for the period from the date hereof through such date) and continuing thereafter on the last day of each succeeding calendar quarter and on the maturity date of the Line of Credit:

<TABLE>
<CAPTION>

Debt to Worth Ratio -----	Unused Commitment Fee Percentage -----
<S>	<C>
Less than 2.0:1.0	.100%
2.0:1.0 or greater	.125%

</TABLE>

For purposes of the above chart, the Debt to Worth Ratio shall be determined by reference to the most recent financial statements delivered pursuant to Section 8.4 hereof.

3.7. Letter of Credit Fees. Borrower agrees to pay to Lender a letter of credit fee on the date of issuance of each letter of credit issued by Lender equal to the stated amount of such letter of credit multiplied by the percentage determined in accordance with the chart set forth below and the fraction of a year such letter of credit is to be outstanding based upon a 360-day year and the actual number of days to elapse:

<TABLE>
<CAPTION>

Debt to Worth Ratio -----	Letter of Credit Fee Percentage -----
<S>	<C>
Less than or equal to 1.5:1.0	.25%
From 1.5 up to and including 2.5:1.0	.50%
2.5:1.0 or greater	.75%

</TABLE>

For purposes of the above chart, the Debt to Worth Ratio shall be determined by reference to the most recent financial statements delivered pursuant to Section 8.4 hereof.

ARTICLE IV

PAYMENTS AND COMPUTATIONS

4.1. Prepayments. Borrower may prepay a Borrowing only upon the delivery to Lender of written notice or telephonic notice confirmed in writing not less than two (2) Business Days' prior to the date of prepayment provided that, in connection with any prepayment of a Borrowing, Borrower shall pay to the Lender the accrued interest on such Borrowing.

4.2. Computations. To the extent permitted by applicable law, all computations of fees and interest under this Agreement payable in respect of any period shall be made by the Lender on the basis of a 360-day year, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable. In

computing interest on any advance, the date of the making of such advance or the first day of an Interest Period, as the case may be, shall be included and the date of payment or the expiration date of an Interest Period, as the case

may be, shall be excluded; provided, however, that if an advance is repaid on the same day on which it is made, one day's interest shall be paid on that advance.

4.3. Special Provisions Governing Borrowings. Notwithstanding other provisions of this Agreement, the following provisions shall govern with respect to Borrowings as to the matters covered:

(a) Determination of Interest Rate. As soon as is practicable after 11:00 a.m. (Eastern time) on the Interest Rate Determination Date, the Lender shall determine the interest rate that shall apply to the Borrowings for which an interest rate is then being determined for the applicable Interest Period and shall give notice thereof to Borrower.

(b) Inability to Determine Rate. In the event the Lender shall have determined (which determination shall be conclusive and binding absent manifest error) that by reason of circumstances affecting the London interbank Eurodollar market, adequate and reasonable means do not exist for ascertaining LIBOR, the Lender forthwith shall give telephonic notice of such determination and of the comparable source by which the rate of interest for Borrowings shall be determined, which notice shall be confirmed in writing to Borrower.

(c) Illegality; Termination of Commitment to Make Borrowings. Notwithstanding any other provisions of this Agreement, if any law, treaty, rule or regulation or determination of a court or other governmental authority, or any change therein or in the interpretation or application thereof, shall make it unlawful for Lender to make or maintain Borrowings, as contemplated by this Agreement, then, and in any such event, Lender shall promptly give notice to Borrower of such determination, and the obligation of the Lender to make Borrowings shall be terminated and any Borrowings of the Lender then outstanding shall thereafter bear interest at Lender's Base Rate, as announced from time to time, minus one percent (1%).

(d) Borrowing During Interest Period. If Borrower makes a drawing under the Equipment Loan or the Line of Credit while an amount is already outstanding under the Equipment Loan or the Line of Credit, such drawing shall bear interest at the same rate as the other amounts outstanding under the Equipment Loan or the Line of Credit until the end of the then current Interest Period, and thereafter such drawing shall have the same Interest Period as the other amounts that are outstanding under the Equipment Loan or the Line of Credit.

4.4. Increased Costs, Reserve Requirements and Taxes.

(a) Increased Costs. Except to the extent reimbursed pursuant to other provisions of this Section 4.4, in the event that either (i) the introduction of, or any change in, or in the interpretation of, any law or regulation or (ii) compliance with any guideline or request from any central bank or other governmental authority (regardless of whether having the force of law):

11

(1) does or shall subject Lender to any additional income, preference, minimum or excise tax or to any additional tax of any kind whatsoever with respect to Borrowings or change the basis of taxation of payments to such Lender of principal, commitment fees, interest or any other amount payable in regard to Borrowings (except for changes in the rate of tax on the overall gross or net income of that Lender or its foreign branch, agency or subsidiary); or

(2) does or shall impose, modify or hold applicable any reserve, special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Lender; or

(3) does or shall impose on that Lender any other condition with respect to Borrowings;

and the result of any of the foregoing is to increase the cost to Lender of making, renewing or maintaining the Borrowing or to reduce any amount receivable hereunder; then, in any such case, Borrower shall promptly pay to Lender, within thirty (30) days of written demand therefor which notice shall describe reasonable detail the amount, nature and manner of calculating the increased cost, such additional amounts as are sufficient to compensate Lender for any such additional cost or reduced amount received.

(b) Capital Requirements - General. If either (i) the introduction of, or any change in, or in the interpretation by any governmental agency or court of applicable jurisdiction of, any law or regulation or (ii) compliance with any guideline, demand or order from any central bank or other governmental authority (regardless of whether having the force of law), affects or would affect in any way the amount of capital required or expected to be maintained with respect to Borrowings by Lender or any corporation controlling such Lender with the effect of reducing the rate of return on such capital to a level below the rate that Lender or such other corporation could have achieved but for such introduction, change or compliance, and Lender reasonably determines that such reduction is based on the existence of Lender's commitments as to Borrowings hereunder and other commitments of this type, then upon written demand by Lender, Borrower shall further pay to Lender from time to time as specified by Lender such additional amounts as are sufficient to reasonably compensate Lender or other corporation for such reduction.

ARTICLE V

SECURITY

5.1. Security. The Obligations (as hereinafter defined) shall be secured by the following:

(a) Personal Property. Borrower hereby grants to Lender a security interest in the following described property and interests in property, together with all proceeds and products thereof and all accessions thereto, as applicable:

12

(1) Equipment. All equipment of Borrower (including, but not limited to, the equipment listed on Exhibit E attached hereto) other than equipment in which a security interest has been previously granted to other lenders as of the date hereof, together with all parts, accessories and attachments and all replacements thereof and additions thereto and all additional equipment or other property purchased with the proceeds of the Equipment Note; and

(2) Accounts, Chattel Paper, Instruments and General Intangibles. All of Borrower's present and future accounts, accounts receivable, chattel paper, instruments, and other obligations of every kind, whether now or hereafter existing, arising out of or in connection with the sale or lease of goods or the rendering of services or otherwise, claims for a tax refund, contract rights, general intangibles, customer lists, original books and records, ledgers and account cards, computer tapes, disks and printouts, and other similar collateral whether now existing or hereafter created, acquired, or arising, and the proceeds thereof, including, but not limited, to:

(A) All of the Borrower's accounts, accounts receivable, chattel paper, instruments and other obligations of any kind, whether or not evidenced by an instrument or chattel paper, and whether or not earned by performance, whether now or hereafter existing, arising out of or in connection with the sale or lease of goods or the rendering of services or otherwise relating to any such Accounts

Receivable; and

(B) All claims for tax refunds, whether now existing or hereafter arising, of Borrower against any city, county, state or federal government or any agency or authority or other subdivision thereof, and the proceeds thereof; and

(C) All of Borrower's contract rights and general intangibles ("General Intangibles") of every kind, character and description, both now owned and hereafter acquired, including, without limitation, goodwill, trademarks, trade styles, trade names, patents, patent applications, and deposit accounts; and

(D) All of Borrower's customer lists, original books and records, ledger and account cards, computer tapes, discs and printouts, whether now in existence or hereafter created; and

(E) All proceeds ("Proceeds") of any and all of the foregoing collateral and, to the extent not otherwise included, all payments under insurance (whether or not the Lender is the loss payee thereunder), any indemnity, warranty, or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing collateral, and including, without limitation, all monies due or to become due in connection with any

13

of the collateral, guaranties and security for the payment of such monies, the right of stoppage in transit, and all returned or repossessed goods arising from the sale or lease thereof;

in each case, whether now owned or hereafter acquired by the Borrower and howsoever its interest therein may arise or appear whether by ownership, lease, security interest, claim or otherwise.

(b) Guaranty. The Guaranty Agreement of even date herewith, executed by FAI, FAF Inc. and Transportation Properties, Inc., jointly and severally (each individually a "Guarantor" and collectively the "Guarantors"), guaranteeing to Lender, among other things, the payment of the indebtednesses evidenced by the Notes and the performance of the obligations of Borrower to Lender in connection therewith (the "Guaranty").

(c) Security Agreement. The Security Agreement of even date herewith, executed by the Guarantors, granting Lender a security interest in the assets described therein to secure, among other things, the payment of the indebtednesses evidenced by the Notes and the performance of the obligations of Borrower to Lender in connection therewith (the "Guarantor Security Agreement").

(d) Pledge and Security Agreement. The Pledge and Security Agreement of even date herewith, executed by Borrower, pledging to Lender all of the stock of Forward Air Royalty Company, Forward Air International Airlines, Inc., Transportation Properties (Texas), Inc., and Forward Air Licensing Company, wholly-owned subsidiaries of Borrower, and pledging all promissory notes from any of the Guarantors to Borrower, to secure, among other things, the payment of the indebtednesses evidenced by the Notes and the performance of the obligations of Borrower to Lender in connection therewith (the "Pledge Agreement").

This Agreement, the Guaranty, the Guarantor Security Agreement, and

the Pledge Agreement and any other instruments, documents or agreements now or hereafter securing the Obligations are herein referred to individually as a "Security Instrument" and individually and collectively as the "Security Instruments". The Security Instruments, together with the Notes and any other instruments and documents now or hereafter evidencing, securing or in any way related to the indebtednesses evidenced by the Notes are herein referred to individually as a "Loan Document" and individually and collectively as the "Loan Documents".

5.2. Obligations. Without limiting any of the provisions thereof, the Security Instruments shall secure:

(a) The full and timely payment of the indebtednesses evidenced by the Notes, together with interest thereon, and any extensions, modifications and/or renewals thereof and any notes given in payment thereof,

14

(b) The full and prompt performance of all of the obligations of Borrower to Lender under the Loan Documents to which Borrower is a party,

(c) The full and prompt payment of all court costs, expenses and costs of whatever kind incident to the collection of the indebtednesses evidenced by the Notes, the enforcement or protection of the security interests of the Security Instruments and/or the exercise by Lender of any rights or remedies of Lender with respect to the indebtednesses evidenced by the Notes, including but not limited to attorney's fees and expenses incurred by Lender, all of which Borrower agrees to pay to Lender upon demand, and

(d) The full and prompt payment and performance of any and all other indebtednesses and other obligations of Borrower to Lender, direct or contingent (including but not limited to obligations incurred as indorser, guarantor or surety or the obligation to reimburse Lender with respect to any draws on letters of credit issued by the Lender on Borrower's behalf), however evidenced or denominated, and however and whenever incurred, including but not limited to indebtednesses incurred pursuant to any present or future commitment of Lender to Borrower.

All of the foregoing indebtedness and other obligations are herein collectively referred to as the "Obligations".

ARTICLE VI

CONDITIONS PRECEDENT

6.1. Condition Precedent to Loans. The obligation of Lender to advance the proceeds of either Loan to or for the account of Borrower is subject to the condition precedent that Lender shall have received each of the following, in form and substance satisfactory to the Lender and its counsel:

(a) Notes. The Notes, duly executed by Borrower, which Notes shall be deemed delivered as of the date all of the other conditions precedent set forth in this Section 6.1 have been met;

(b) Security Instruments. The Security Instruments, duly executed by the parties thereto, together with: (1) acknowledgment copies of the Financing Statements (UCC-1) duly filed under the Uniform Commercial Code of all jurisdictions necessary or, in the opinion of Lender, desirable to perfect the security interests created by this Agreement and the other Security Instruments or such other documents, such as certificates of title with Lender's lien noted thereon, that are necessary to perfect Lender's security interest; and (2) evidence of the public recording or filing of such of the Security Instruments as Lender deems it necessary or desirable to record or file publicly, in such offices as Lender shall require, together with evidence satisfactory to Lender of the priority of the liens, security

titles and/or security interests of such Security Instruments;

15

(c) Title to Assets. Evidence satisfactory to Lender demonstrating that Borrower or a Guarantor is the owner of the collateral security described in the Security Instruments, free and clear of defects therein or claims thereto by persons other than Borrower, Guarantor and Lender;

(d) Guaranty. The Guaranty, duly executed by the Guarantors;

(e) Insurance. Evidence satisfactory to Lender of the existence of the policies of insurance required by the provisions of Article V of this Agreement;

(f) Evidence of Corporate Action by Borrower and Guarantors. Certified (as of the date of this Agreement) copies of all corporate action taken by Borrower and the Guarantors, including resolutions of their board of directors, authorizing the execution, delivery and performance of the Loan Documents to which each is a party and each other document to be delivered by Borrower or any Guarantor pursuant to this Agreement;

(g) Incumbency and Signature Certificates. A certificate (dated as of the date of this Agreement) of the Secretary or an Assistant Secretary of Borrower and each Guarantor certifying the names and true signatures of the officers of Borrower and each Guarantor authorized to sign the Loan Documents to which it is a party and the other documents to be delivered by Borrower or any Guarantor under this Agreement;

(h) Organizational Documents. Copies of the corporate charter and other publicly filed organizational documents of Borrower and each Guarantor, certified by the Secretary of State or other appropriate public official in the jurisdiction in which Borrower or any Guarantor is incorporated;

(i) Evidence of Legal Existence/Good Standing. A certificate as to the legal existence and good standing of Borrower and each Guarantor, issued by the Secretary of State or other appropriate public official in the jurisdiction in which Borrower or such Guarantor is incorporated;

(j) Evidence of Foreign Qualifications. Certificates of the Secretaries of State or other appropriate public officials as to Borrower's and each Guarantor's qualification to do business and good standing in each jurisdiction in which a failure to be so qualified would have a material adverse effect on Borrower's financial position or its ability to conduct its business in the manner now conducted and as hereafter intended to be conducted;

(k) Commitment Fee. Borrower shall have paid to Lender a commitment fee in the amount of \$10,000.

(l) Distribution. Borrower shall have effected a distribution of the common stock of Landair Corporation as approved by its Board of Directors on July 9, 1998 and

16

shall have completed the transfer of certain assets of Borrower as described in that certain August, 1998 letter from the Internal Revenue Service to Borrower (the "Distribution").

6.2. Additional Condition(s) Precedent to Loans. The obligation of Lender to make each advance of Loan proceeds to or for the account of Borrower (including the initial advance or advances) is subject to the further condition(s) precedent that on and as of the date of such advance:

(a) Representations and Warranties True; Absence of Default. The following statements shall be true, and Borrower's request for such advance shall constitute an affirmation by Borrower that:

(1) The representations and warranties contained in Article VII of this Agreement are correct on and as of the date of such advance as though made on and as of such date; and

(2) Neither an Event of Default (as hereinafter defined), nor any event that with the giving of notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing, or would result from such advance; and

(b) Additional Documentation. Lender shall have received such other approvals, opinions and documents as Lender reasonably may request.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to Lender as follows:

7.1. Corporate Status. Borrower and each Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Tennessee; and each has the corporate power to own and operate its properties, to carry on its business as now conducted and to enter into and to perform its obligations under this Agreement and the other Loan Documents to which it is a party. Borrower and each Guarantor is duly qualified to do business and in good standing in the State of Tennessee and in each state in which a failure to be so qualified would have a material adverse effect on Borrower's or such Guarantor's financial position or its ability to conduct its business in the manner now conducted.

7.2. Authorization. Borrower and each Guarantor has full legal right, power and authority to conduct its business and affairs in the manner contemplated by the Loan Documents, and to enter into and perform its obligations thereunder, without the consent or approval of any other person, firm, governmental agency or other legal entity. The execution and delivery of this Agreement, the borrowing hereunder, the execution and delivery of each Loan Document to which Borrower or any Guarantor is a party and the performance by Borrower and each Guarantor of

17

its obligations thereunder are within the corporate powers of Borrower and such Guarantor, have been duly authorized by all necessary corporate action properly taken, have received all necessary governmental approvals, if any were required, and do not and will not contravene or conflict with any provision of law, any applicable judgment, ordinance, regulation or order of any court or governmental agency, the charter or by-laws of Borrower or any agreement binding upon Borrower or its properties. The officer(s) executing this Agreement, the Notes and all of the other Loan Documents to which Borrower or any Guarantor is a party are duly authorized to act on behalf of Borrower or such Guarantor.

7.3. Validity and Binding Effect. This Agreement and the other Loan Documents are the legal, valid and binding obligations of the parties thereto, enforceable in accordance with their respective terms subject to applicable bankruptcy and other creditor rights laws and subject to principles of equity.

7.4. Other Transactions. There are no prior loans, liens, security interests, agreements or other financings upon which Borrower or any Guarantor is obligated or by which Borrower or any Guarantor is bound that will in any way permit any third person to have or obtain priority over Lender as to any of the collateral security granted to Lender pursuant to this Agreement and the other Security Instruments. Consummation of the transactions hereby contemplated and the performance of the obligations of Borrower and the Guarantors under and by virtue of the Loan Documents to which Borrower or any Guarantor is a party will not result in any breach of, or constitute a default under, any loan or credit agreement, indenture, mortgage, deed of trust, security deed or agreement, lease, corporate charter or by-laws, agreement or certificate of limited partnership, partnership agreement, license, franchise or other instrument or agreement to which Borrower or any Guarantor is a party or by which Borrower or any Guarantor or any of their properties may be bound or affected.

7.5. Places of Business. The records with respect to all intangible personal property constituting a part of the collateral security for the Obligations are maintained at Borrower's chief place of business and chief executive office, which has the address of 430 Airport Road, Greeneville, Tennessee 37745. All tangible personal property constituting a part of the collateral security for the Obligations, except for transportation equipment subject to a certificate of title, is or will be located at Borrower's chief place of business and chief executive office and/or at any specific locations set forth on attached Exhibit C.

7.6. Litigation. There are no actions, suits or proceedings pending, or, to the knowledge of Borrower, threatened, against or affecting Borrower or any Guarantor or involving the validity or enforceability of any of the Loan Documents or the priority of the liens thereof, at law or in equity, or before any governmental or administrative agency, except actions, suits and proceedings that are covered by insurance or for which the Company has created reserves which in the opinion of the Borrower's management are reasonably calculated to cover claimed exposures, or which, if adversely determined, would not materially impair the ability of Borrower or any Guarantor to perform each and every one of its obligations under and by virtue of the Loan Documents; and to Borrower's knowledge, neither Borrower nor any Guarantor is in default with respect to any

order, writ, injunction, decree or demand of any court or any governmental authority that would materially affect Borrower's or any Guarantor's business.

7.7. Financial Statements. The financial statement(s) of Borrower and the Guarantors heretofore delivered to Lender are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles consistently applied, and fairly present the financial conditions of the subjects thereof as of the date(s) thereof. Except for the transactions contemplated as a part of the Distribution, no material adverse change has occurred in the financial condition of Borrower or any Guarantor since the date(s) thereof, and no additional borrowings have been made or liabilities incurred by Borrower or any Guarantor since the date(s) thereof.

7.8. No Defaults. With the exception of defaults or Events of Default which would not have a material adverse effect on the properties, business, results of operations, management or financial or other condition of Borrower or a Guarantor or on the ability of Borrower to perform its obligations under the Loan Documents to which it is a party, no default or event of default by Borrower or any Guarantor exists under any of the Loan Documents to which it is a party, or under any other instrument or agreement to which Borrower or any Guarantor is a party or by which Borrower, any Guarantor or any of their properties may be bound or affected, and no event has occurred and is continuing that with notice or the passage of time or both would constitute a default or event of default under any Loan Document to which it is a party.

7.9. Compliance With Law. Borrower and each Guarantor have obtained all material licenses, permits and governmental approvals and authorizations necessary or proper in order to conduct their businesses and

affairs as heretofore conducted and as hereafter intended to be conducted, including, but not limited to, any licenses, permits and governmental approvals and authorizations relating to the generation, recycling, use, reuse, sale, storage, handling, transport, treatment or disposal of hazardous materials. Borrower and each Guarantor is in compliance with all laws, regulations, decrees and orders applicable to it (including but not limited to laws, regulations, decrees and orders relating to environmental, occupational and health standards and controls, antitrust, monopoly, restraint of trade or unfair competition), except to the extent that noncompliance, in the aggregate, cannot reasonably be expected to have a material adverse effect on its business, operations, property or financial condition and will not materially adversely affect its ability to perform its obligations under the Loan Documents to which it is a party. Neither Borrower nor any Guarantor has received, and does not expect to receive, any order or notice of any violation or claim of violation of any law, regulation, decree, rule, judgment or order of any governmental authority or agency relating to the ownership and/or operation of its properties, as to which the cost of compliance is or might be material and the consequences of noncompliance would or might be materially adverse to its business, operations, property or financial condition, or which would or might materially impair its ability to perform its obligations under the Loan Documents to which it is a party.

7.10. No Burdensome Restrictions. No instrument, document or agreement to which Borrower or any Guarantor is a party or by which it or its properties may be bound or affected materially adversely affects, or may reasonably be expected so to affect, the business, operations, property or financial condition thereof.

7.11. Taxes. Borrower and each Guarantor has filed or caused to be filed all tax returns that to Borrower's knowledge are required to be filed (except for returns that have been appropriately extended), and each has paid all taxes shown to be due and payable on said returns and all other taxes, impositions, assessments, fees or other charges imposed on it by any governmental authority, agency or instrumentality, prior to any delinquency with respect thereto (other than taxes, impositions, assessments, fees and charges currently being contested in good faith by appropriate proceedings, for which appropriate amounts have been reserved) except to the extent that the failure to file such returns or pay such amounts would not have a material adverse effect on such Borrower or Guarantor. No tax liens have been filed against Borrower, any Guarantor or any of the property thereof.

7.12. Equipment. The equipment constituting a part of the collateral for the Obligations is owned solely by Borrower or a Guarantor, and Borrower and each Guarantor has full right, power and authority to grant to Lender a valid and enforceable security interest therein. Lender's security interest in such equipment constitutes a first and prior lien upon and security interest in such equipment, and no other person or entity has any right, title, interest, security interest, claim or lien with respect thereto.

7.13. Receivables, Etc. With respect to Receivables resulting from the rendition of services to Borrower's or any Guarantor's customers, (a) each such Receivable is a valid and bona fide existing obligation created by or arising out of the rendition of services to Borrower's or a Guarantor's customers in the ordinary course of business, (b) such Receivables are owned solely by Borrower or a Guarantor and Borrower or such Guarantor has all necessary right, power and authority to grant to Lender a valid and enforceable security interest therein, (c) Lender's security interest in such Receivables constitutes a first and prior lien upon and security interest in such Receivables, and no other person or entity has any right, title, interest, security interest, claim or lien with respect thereto, (d) each such Receivable will at all times be unconditionally owed to Borrower or a Guarantor and enforceable against the obligor(s) with respect thereto without dispute of any kind, and (e) each such Receivable constituting an Eligible Receivable is an "account", "contract right" or "chattel paper" within the meaning of the Tennessee Uniform Commercial Code and is not evidenced by any other instrument or document (except as specifically disclosed to Lender and accepted by Lender as an Eligible Receivable) that would in any way change or alter its character as an account, contract right or chattel paper.

7.14. Other Subsidiaries. The net income from the Other Subsidiaries is less than five percent (5%) of the combined net income of the Borrower, Guarantors and Other Subsidiaries and the assets of the Other Subsidiaries is less than five percent (5%) of the combined assets of the Borrower, Guarantors and Other Subsidiaries.

20

ARTICLE VIII

COVENANTS AND AGREEMENTS

Borrower covenants and agrees that during the term of this Agreement:

8.1. Payment of Obligations. Borrower will pay the indebtednesses evidenced by the Notes according to the tenor thereof, and will timely pay or perform, as the case may be, all of the other Obligations.

8.2. Sales of Assets. Neither Borrower nor any Guarantor will sell, exchange, lease, transfer or dispose (other than in the normal course of business) of all or substantially all of its assets.

8.3. Further Assurances. Borrower and each Guarantor will take all reasonable actions requested by Lender to create and maintain in Lender's favor valid liens upon, security titles to and/or perfected security interests in the collateral security described in the Security Instruments and all other security for the Obligations now or hereafter held by or for Lender. Without limiting the foregoing, Borrower and each Guarantor shall execute such further instruments (including financing statements and continuation statements) as may be required or permitted by any law relating to notices of, or affidavits in connection with, the perfection of Lender's security interests, and to cooperate with Lender in the filing or recording and renewal thereof.

8.4. Financial Statements. Borrower will furnish to Lender:

(a) As soon as practicable and in any event within one hundred and twenty (120) days after the end of each fiscal year of Borrower, a consolidated balance sheet of Borrower and the Guarantors as of the close of such fiscal year, the related statements of income, cash flow and shareholders' equity for such fiscal year and all notes to such financial statements, in such form as is required of publicly traded companies by the United States Securities Exchange Commission ("SEC"), audited by independent certified public accountants satisfactory to Lender, and accompanied by the opinion of such accountants.

(b) As soon as practicable and in any event within forty-five (45) days after the end of each quarter-annual period of Borrower's fiscal year, a consolidated balance sheet of Borrower and the Guarantors as of the close of such quarterly period, and the related statements of income, cash flow and shareholders' equity for such quarterly period, in such form as is required of publicly traded companies by the SEC.

(c) Upon each drawing by Borrower under the Line of Credit and at such other times as Lender may reasonably request, a Borrowing Base Certificate in the form attached hereto as Exhibit D or such other form as is reasonably requested by Lender.

21

(d) With reasonable promptness, such other financial data as Lender reasonably may request and all filings made by the Borrower with the SEC.

Notwithstanding the foregoing, until four complete fiscal quarters

have occurred after the Distribution, Borrower shall also provide to Lender on the same date the financial statements described in (b) above are delivered, financial statements of the Borrower, Guarantors and Other Subsidiaries for the prior fiscal quarters that reflect, in the best judgment of Borrower and in a manner reasonably acceptable to Lender, the assets, liabilities, income and losses which such entities would otherwise have had if the Distribution had taken place prior to the beginning of the periods covered by such financial statements. Such financial statements shall be used to determine compliance with the covenants in Section 8.17 hereof and for purposes of determining the Applicable Margin

8.5. Maintenance of Books and Records; Inspection. Borrower and each Guarantor will maintain its books, accounts and records in accordance with generally accepted accounting principles consistently applied, and permit any person designated by Lender in writing to visit and inspect any of its properties (including but not limited to the collateral security described in the Security Instruments), corporate books and financial records, and to discuss its accounts, affairs and finances with Borrower, Guarantor or the principal officers of Borrower or any Guarantor during reasonable business hours, all at such times as Lender reasonably may request.

8.6. Insurance. Without limiting any of the requirements of any of the other Loan Documents, Borrower will maintain or cause to be maintained for Guarantors, in amounts satisfactory to Lender:

(a) comprehensive public liability insurance;

(b) worker's compensation insurance (or maintain a legally sufficient amount of self insurance against worker's compensation liabilities, with adequate reserves, under a plan approved by Lender); and

(c) "all-risk" property/casualty insurance on its properties (including but not limited to the collateral security now or hereafter securing payment and performance of the Obligations), against such hazards and in at least such amounts as is customary in Borrower's business and with such deductible and/or self-insurance provisions as are acceptable to Lender.

Lender agrees that the insurance coverages and self-insurance retention that Borrower presently maintains are acceptable to Lender, and Borrower agrees to obtain Lender's consent to any material changes in such insurance coverages and/or self-insurance retention..

At the request of Lender from time to time, Borrower will deliver to Lender certificates issued by the insurer(s), specifying the details of such insurance in effect. To the extent that proceeds are payable under Borrower's or any Guarantor's policies of property/casualty insurance with respect to any damage or loss of equipment that is collateral for the Loans, such policies shall

provide that such proceeds shall be payable to Borrower or the appropriate Guarantor and Lender as their respective interests may appear, and that at least thirty (30) days' prior written notice of cancellation or modification of the policy shall be given to Lender by the insurer. Borrower agrees that there shall be no recourse against Lender for the payment of premiums, commissions, assessments or advances in respect of any such policy, and at Lender's request will provide Lender with the agreement of the insurer(s) to this effect. Lender may, at its option upon an Event of Default, act as attorney for Borrower or any Guarantor in obtaining, adjusting, settling and canceling any such insurance that relates to the collateral that secures the Loans and endorsing any drafts with respect thereto, and this power, being coupled with an interest, shall be irrevocable prior to payment in full of the Loans and performance of all of the obligations of Borrower to Lender in connection therewith.

8.7. Taxes and Assessments; Tax Indemnity. Borrower and each Guarantor will (a) file all tax returns and appropriate schedules thereto that

are required to be filed under applicable law, prior to the date of delinquency, (b) pay and discharge all taxes, assessments and governmental charges or levies imposed upon Borrower or any Guarantor, upon their income and profits or upon any properties belonging to any of them, prior to the date on which penalties attach thereto, and (c) pay all taxes, assessments and governmental charges or levies that, if unpaid, might become a lien or charge upon any of any of their properties; provided, however, that Borrower or any Guarantor in good faith may contest any such tax, assessment, governmental charge or levy so long as appropriate reserves are maintained with respect thereto. If any tax is or may be imposed by any governmental entity in respect of any transaction of Borrower or any Guarantor, which tax Lender is or may be required to withhold or pay, Borrower agrees to indemnify Lender and hold Lender harmless in connection with such taxes, and Borrower will immediately reimburse Lender for any such taxes paid by Lender and added to the Obligations pursuant to the terms hereof.

8.8. Corporate Existence. Borrower and each Guarantor will maintain its corporate existence and good standing in the state of its incorporation, and its qualification and good standing as a foreign corporation in each jurisdiction in which such qualification is necessary pursuant to applicable law. Borrower and each Guarantor may from time to time change its name provided that Borrower or such Guarantor has given Lender advance notice of such change and has taken such actions as Lender deems necessary to insure that such change of name does not impair Lender's security interest in the Collateral or its perfection therein.

8.9. Compliance with Law and Other Agreements. Borrower and each Guarantor will maintain its business operations and property owned or used in connection therewith in material compliance with (a) all applicable federal, state and local laws, regulations and ordinances governing such business operations and the use and ownership of such property, including, but not limited to, any laws, regulations or ordinances relating to the generation, recycling, use, reuse, sale, storage, handling, transport, treatment or disposal of hazardous materials and (b) all agreements, licenses, franchises, indentures and mortgages to which Borrower or any Guarantor is a party or by which Borrower, any Guarantor or any of their properties is bound. Without limiting the foregoing, Borrower and each Guarantor will pay all of its indebtedness promptly in accordance with the terms thereof.

8.10. Notice of Default. Borrower will give written notice to Lender of the occurrence of any default, event of default or Event of Default under this Agreement or any other Loan Document promptly upon the occurrence thereof.

8.11. Notice of Litigation. Upon request, Borrower shall give Lender a list of all pending actions, suits, proceedings and disputes instituted by any persons whomsoever against Borrower or any Guarantor, or affecting any of Borrower's or any Guarantor's assets in connection with any applicable federal, state or local laws or regulations, or any dispute between Borrower or any Guarantor on the one hand and any governmental regulatory body on the other hand.

8.12. ERISA Plan. If Borrower or any Guarantor has in effect, or hereafter institutes (with Lender's consent, as hereinafter provided), a pension plan that is subject to the requirements of Title IV of the Employee Retirement Income Security Act of 1974, Pub. L. No. 93-406, September 2, 1974, 88 Stat. 829, 29 U.S.C.A. ss. 1001 et seq. (1975), as amended from time to time ("ERISA"), then the following warranty and covenants shall be applicable during such period as any such plan (the "Plan") shall be in effect: (a) Borrower hereby warrants that no fact that might constitute grounds for the involuntary termination of the Plan, or for the appointment by the appropriate United States District Court of a trustee to administer the Plan, exists at the time of execution of this Agreement, (b) Borrower hereby covenants that throughout the existence of the Plan, Borrower's contributions under the Plan will meet the minimum funding standards required by ERISA and Borrower will not institute a distress termination of the Plan, (c) Borrower hereby covenants that the Plan's annual financial and actuarial statements and the Plan's annual Form 5500 information return will be timely filed with the Internal Revenue Service

and a copy delivered to Lender within thirty (30) days of the preparation thereof, and (d) Borrower covenants that it will send to Lender a copy of any notice of a reportable event (as defined in ERISA) required by ERISA to be filed with the Labor Department or the Pension Benefit Guaranty Corporation, at the time that such notice is so filed. Notwithstanding anything herein to the contrary, Borrower shall not be deemed to be in breach of this Agreement with regard to any breach of a warranty or covenant contained in this Section 8.12 which would not have a material adverse effect on the business operations or financial condition of such Borrower or Guarantor.

No new Plan shall be instituted by Borrower or any Guarantor unless Lender shall have given its written consent thereto.

8.13. Places of Business; Mobile Goods. The location of the chief place of business, chief executive office and all other places of business of Borrower and each Guarantor are set forth on Exhibit C. Upon Lender's request, Borrower shall update Exhibit C from time to time. Borrower agrees not to change the location of its places of business in Greeneville, Tennessee, Atlanta, Georgia or Columbus, Ohio or the location at which it maintains its records concerning the intangible collateral security for the Obligations, without thirty (30) days' prior written notice to Lender in each instance.

24

8.14. Maintenance of Collateral. Borrower will maintain all tangible personal property constituting any part of the collateral security described in the Security Instruments in good condition and repair, will pay all costs and expenses incurred in the maintenance of same, and will not permit any act or occurrence that may impair the value thereof. Prior to the occurrence of an Event of Default (as hereinafter defined), Borrower or the applicable Guarantor will be entitled to possession of such tangible collateral and to use same in any lawful manner permitted hereunder, provided that such use does not cause excessive wear and tear to such collateral, nor cause it to decline in value at an excessive rate, nor violate the terms of any policy of insurance, if any, thereon.

8.15. Special Agreements With Respect to Receivables.

(a) By the execution of this Agreement, Lender shall not be obligated to do or perform any of the acts or things provided in any contracts covered hereby to be done or performed by Borrower or any Guarantor, but upon the occurrence of an Event of Default, Lender may, at its election, perform some or all of the obligations provided in said contracts to be performed by Borrower or any Guarantor, and if Lender incurs any liability or expenses by reason thereof, same shall be payable by Borrower upon demand and same shall also be secured by this Agreement and the other Loan Documents. Upon an Event of Default, Borrower will, on request from Lender, submit to Lender duplicate copies of all invoices on outstanding Receivables subject to Lender's security interest.

(b) Upon an Event of Default, if requested by Lender, (i) Borrower and each Guarantor will forthwith on receipt of all checks, drafts, cash and other remittances in payment of inventory sold, or in payment on account of Borrower's or any Guarantor's Receivables, deposit the same in a special bank account maintained with Lender over which Lender alone has power of withdrawal, and/or (ii) Borrower will immediately notify all account debtors to direct payments to a lockbox in accordance with a Lockbox Service Agreement entered into or to be entered into between Borrower and Lender. Said proceeds shall be deposited in precisely the form received, except for the indorsement of Borrower or the Guarantor where necessary to permit collection of items, which indorsement Borrower agrees to make or obtain, and which Lender is also hereby authorized to make on Borrower's or the Guarantor's behalf. Pending such deposit, Borrower agrees that it will not commingle any such checks, drafts, cash or other remittances with any of Borrower's other funds or property, but will hold them separate and apart therefrom and in trust for Lender until deposit thereof is made in the special account. The funds in said account and any funds collected by Lender under a Lockbox Service Agreement shall be held by

Lender as additional security for the Obligations. Lender will, usually on a daily basis but in any event at least once a week, apply the whole or any part of the collected funds on deposit in the special account and from the lockbox against the Obligations; the amount, order and method of such application to be in the discretion of Lender. Any portion of said funds on deposit in the special account and from the lockbox that Lender elects not to so apply may be paid over by Lender to Borrower.

25

(c) Without limiting the provisions of subsection 8.15(b), Borrower acknowledges and agrees that upon the occurrence of an Event of Default (or an event that with the giving of notice or the passage of time or both would constitute an Event of Default), Lender will have the right to notify the account debtors obligated on any or all of Borrower's or any Guarantor's Receivables to make payment thereof direct to Lender, and to take control of all proceeds of any such Receivables. Until such time as Lender elects to exercise such right, Borrower and each Guarantor is authorized, as agent of Lender, to collect and enforce said Receivables.

(d) Lender shall be privileged to enjoy all the rights and remedies of Borrower and each Guarantor as to the Receivables and shall be and become subrogated to all guaranties and securities possessed by Borrower or any Guarantor or due to come into Borrower's or any Guarantor's hands, but Lender shall not be liable in any manner for exercising or refusing to exercise any rights thereby bestowed.

(e) Upon an Event of Default, Borrower will notify Lender promptly of all returns and recoveries of merchandise and of all disputes and claims, and Borrower will settle or adjust disputes and claims directly with customers for amounts and upon terms it considers advisable and dispose of merchandise returns as it sees fit, unless Lender directs Borrower to make such settlements, adjustments and disposals subject to Lender's approval. In all cases Lender will credit Borrower's loan account with only the net amounts received by Borrower in payment of Receivables.

(f) Borrower hereby appoints the officers of Lender and/or any other person whom Lender may designate as Borrower's attorney(s)-in-fact with full power to endorse Borrower's name on any checks, notes, acceptances, money orders, drafts or other forms of payment or security that may come in Lender's possession; to sign Borrower's name on any invoice or bill of lading relating to any Receivable, on drafts against customers, on schedules of assignments of Receivables, on notices of assignment, on financing statements, applications for noting of liens on certificates of title and other public records or documents of any kind as necessary or desirable to insure perfection or enforceability of Lender's security interests in or liens on property of Borrower granted hereunder or otherwise, on verification of accounts and on notices to customers; to notify the post office authorities to change the address for delivery of Borrower's mail to an address designated by Lender; to receive, open and dispose of all mail addressed to Borrower; to send requests for verifications of accounts to customers; and to do all other things Lender deems necessary to carry out this Agreement. Borrower hereby ratifies and approves all acts of the attorney(s) and neither Lender nor the attorney(s) for Lender will be liable for any acts of commission or omission, nor for any error of judgment or mistake of fact or law. This power, being coupled with an interest, is irrevocable so long as any money remains owing to Lender from Borrower; provided, however, that Lender shall not exercise such power unless an Event of Default has occurred and is continuing hereunder.

26

8.16. Debt to Worth Ratio. Borrower shall maintain as of the end of each fiscal quarter a Debt to Worth Ratio of not more than (i) 3.75 to 1.00 for the period from September 10, 1998 until December 31, 1998, (ii) 3.50 to 1.00 for the period from January 1, 1999 until March 31, 1999, (iii) 3.25 for the period from April 1, 1999 until June 30, 1999, and (iv) 3.00 to 1.00 thereafter.

8.17. Cash Flow Coverage. Borrower shall maintain as of the end of each fiscal quarter for the four prior fiscal quarters a Cash Flow Coverage Ratio of not less than 1.25 to 1.00.

8.18. Relationship with Lender. Borrower shall maintain their material operating accounts and investment accounts with Lender and utilize Lender as their "primary depository" until the Loans have been paid in full.

8.19. Net Worth. Borrower, Guarantors and the Other Subsidiaries shall maintain on a consolidated basis as of the end of each fiscal quarter a Net Worth of not less than an amount equal to ninety percent (90%) of their consolidated Net Worth as of the date hereof plus fifty percent (50%) of cumulative net income (provided that any net loss arising from any fiscal quarter or other accounting period shall be counted as zero in calculating cumulative net income) from the date hereof through such fiscal quarter end plus one hundred percent (100%) of the aggregate proceeds from the issuance of stock, warrants or other equity interests in Borrower or any Guarantor occurring from the date hereof through the date of such fiscal quarter end.

8.20. Capital Expenditures and Acquisitions. Without the prior written consent of Lender, Borrower, Guarantors and the Other Subsidiaries shall not individually or collectively make aggregate capital expenditures in any fiscal year in excess of \$25,000,000 or make acquisitions of stock or assets in any fiscal year where the aggregate purchase price for such stock or assets is in excess of \$20,000,000.

8.21. Indebtedness. Neither Borrower nor any Guarantor shall incur, create, assume or permit to exist any indebtedness or liability for borrowed money, or on account of deposit, advance or progress payments under contracts, or any other indebtedness or liability, including, but not limited to, indebtedness evidenced by notes, bonds, debentures or similar obligations, except:

(a) Indebtedness(es) to Lender evidenced by the Notes;

(b) Indebtedness for borrowed money under notes and lease obligations secured by newly acquired equipment;

(c) Trade accounts payable, taxes payable, deferred sales, accrued employees' bonuses and withheld amounts, accrued liabilities with respect to contributions to pension plans and other similar short-term obligations incurred by Borrower or a Guarantor in the normal course of operating its business, provided that (i) the amount of such obligations shall not be unduly large, in the reasonable judgment of Lender, considering the size and nature of Borrower's and

Guarantors' businesses, and (ii) the Borrower and Guarantors shall not be in default with respect to any of such obligations.

(d) Other indebtedness incurred for any purpose which is not secured, in whole or in part, by any lien or security interest upon the collateral for the Loans (unless such indebtedness is secured by a purchase money security interest in equipment acquired after the date hereof), provided that the incurring of any such indebtedness does not create or result in a violation of any other provision hereof.

8.22. Mortgages, Liens, Etc. Neither Borrower nor any Guarantor shall create, assume or suffer to exist any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of its assets, now or hereafter owned, except for:

- (a) Liens securing payment of the Loans;
- (b) Existing liens securing indebtednesses permitted under Section 8.20(b) above; and
- (c) Permitted Encumbrances described on Exhibit F hereto.

8.23. Guaranties. Neither Borrower nor any Guarantor shall guarantee or otherwise in any way become or be responsible for the indebtedness or obligations of any other person, by any means whatsoever, whether by agreement to purchase the indebtedness of any other person or agreement for the furnishing of funds to any other person through the purchase of goods, supplies or services, or by way of stock purchase, or discharging the indebtedness of any other person, or otherwise, except for (i) guaranties in favor of Lender, (ii) the endorsement of negotiable instruments by Borrower or any Guarantor in the ordinary course of business for collection, and (iii) guaranties of indebtedness which are not in the aggregate in excess of twenty-five percent (25%) of the consolidated Net Worth of Borrower and Guarantors.

8.24. Consolidation or Merger. Without the prior written consent of Lender, neither Borrower nor any Guarantor shall enter into any transaction, acquisition, merger or consolidation which would result in an acquisition by Borrower or any Guarantor of the assets or stock or other equity interests of another entity or a merger or consolidation of Borrower or any Guarantor with an entity unless (i) the merging or acquired entity is in the same line of business of Borrower or such Guarantor, (ii) the acquired assets, or the assets possessed by the merging or acquired entity, do not have a fair market value that is more than forty-nine percent (49%) of the fair market value of Borrower or such Guarantor, and (iii) the surviving entity of such merger or consolidation, if any, is the Borrower or such Guarantor. In addition to the foregoing limitations, Borrower shall not acquire, without the prior written consent of Lender, the assets or stock or other equity interests of any entity if the portion of the acquisition price that is attributable to intangible assets exceeds 20% of the consideration paid or assumed by Borrower in connection with such acquisition.

8.25. Loans and Investments. Neither Borrower nor any Guarantor shall make any loans to or investments in, or, purchase any stock, other securities or evidence of indebtedness of any person, except as follows: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) marketable securities issued by an agency of the United States government, (iii) commercial paper rated A-1 by Standard and Poors Corporation, or P-1 by Moody's Investors Services, Inc., (iv) certificates of deposit of or bankers' acceptances accepted by domestic commercial banks in the United States of America having a combined capital and surplus of at least Ninety Million Dollars (\$90,000,000.00), (v) repurchase agreements with respect to any of the foregoing, (vi) loans permitted by the provisions of Section 8.26 hereof or (vii) loans by Borrower to any Guarantor of the proceeds of the Loans for the purposes permitted hereunder pursuant to promissory notes properly pledged to Lender. This negative covenant shall be inapplicable to loans other than to Guarantors except where the transaction which is prohibited would either create or result in a violation of Section 8.16, Section 8.17, or Section 8.19 hereof, or impair, directly or indirectly, the value of the collateral for the Loans.

8.26. Dividends, Redemptions and Other Payments. Neither Borrower nor any Guarantor shall (a) declare or pay, or set aside any sum for the payment of, any dividends or make any other distribution upon any shares of its capital stock of any class, or (b) purchase, redeem or otherwise acquire for value any shares of its capital stock of any class, or commit to do any of same, or set aside any sum therefor, or permit any subsidiary to purchase or acquire for value any shares of its capital stock of any class, or commit to do any of the same, or set aside any sum therefor, or (c) make any payment to a profit sharing plan or to any other retirement or pension plan to or for the benefit of management shareholders which exceeds (based on a percentage of compensation) similar payments made for the benefit of all employees of Borrower or the Guarantors, in such a manner which violates applicable law

and/or any filings of Borrower with applicable securities agencies and stock exchanges and related restrictions and regulations. This negative covenant shall be inapplicable except where the transaction which is prohibited would either create or result in a violation of Section 8.16, Section 8.17 or Section 8.19 hereof.

8.27. Loans to Officers and Employees. Without the prior written consent of Lender, neither Borrower nor any Guarantor shall permit or allow loans to officers and employees of Borrower or any Guarantor, in the aggregate, to exceed at any one time outstanding the sum of One Hundred Fifty Thousand Dollars (\$150,000.00).

8.28. Creation of Subsidiaries. Borrower may create additional subsidiaries, without the prior written consent of Lender, only if the following conditions are met:

(a) each such subsidiary is engaged in a business directly related to the Borrower's business, and

(b) (i) each such subsidiary guaranties the obligations of Lender hereunder and under the Notes by the execution of a Guaranty Agreement in the same form as executed by Guarantors, joins with the other Guarantors in the Security Agreement, and delivers to Borrower a promissory note in the form of the promissory notes delivered by the other

29

Guarantors and pledged to the Lender under the Pledge Agreement, and Borrower enters into an amendment to the Pledge Agreement whereby it pledges such promissory note to the Lender; or (ii) Borrower enters into an amendment of the Pledge Agreement whereby it pledges to the Lender all of the stock of such subsidiary and such subsidiary becomes an Other Subsidiary under this Agreement; and

(c) each such subsidiary delivers to the Lender:

(i) a copy of its charter or certificate of incorporation, certified by the appropriate official in its jurisdiction of organization, in form and substance satisfactory to the Lender, and a copy of its bylaws, and all amendments thereto, together with a certificate of its Secretary stating that such copy is complete and correct;

(ii) a certificate of the appropriate governmental officials stating that such subsidiary exists, is in good standing with respect to the payment of franchise and similar taxes and is duly qualified to transact business in the state;

(iii) a certificate of the secretary of the subsidiary as to the incumbency and signature of all officers of such subsidiary authorized to execute or attest to the Loan Documents to which such subsidiary is a party, together with evidence of the incumbency of each such secretary or other officer;

(iv) with respect to such subsidiary (A) copies of the resolution authorizing, approving and ratifying the Loan Documents to which such subsidiary is a party, duly adopted by the board of directors of such subsidiary, together with (B) a certificate of the secretary or other appropriate officer of such subsidiary stating that each such copy is a true and correct copy of resolutions duly adopted at a meeting, or by action taken on written consent, of the board of directors of such subsidiary and that such resolutions have not been modified, amended, rescinded or revoked in any respect and are in full force and effect as of the date hereof; and

(v) all other documents, instruments, agreements, opinions, certificates, insurance policies, consents and evidences of other legal matters, in form and substance satisfactory to the Lender and its counsel, as the Lender reasonably may request.

8.29. Amount of Equipment Loan. In the event that the total outstanding indebtedness under the Equipment Loan is at any time in excess of ninety percent (90%) of the book value of the Borrower's equipment in which the Lender has a perfected security interest hereunder (the "Equipment Collateral"), then Borrower shall not pay any dividends or prepay any loans from other creditors until the outstanding amount of the Equipment Loan is reduced to an amount which is not in excess of ninety percent (90%) of the book value of the Equipment Collateral.

30

8.30. Operations of Other Subsidiaries. Without the prior written permission of Lender, Borrower shall not permit the Other Subsidiaries to conduct such business which would cause the net income of the Other Subsidiaries would exceed five percent (5%) of the combined net income of the Borrower, Guarantors and Other Subsidiaries or cause the assets of the Other Subsidiaries to exceed five percent (5%) of the combined assets of the Borrower, Guarantors and Other Subsidiaries.

ARTICLE IX

DEFAULT AND REMEDIES

9.1. Events of Default. The occurrence of any of the following shall constitute an Event of Default hereunder:

(a) Borrower shall fail to pay the principal of, or interest on, the indebtedness evidenced by any of the Notes, or any other fee or charge payable by Borrower hereunder, as and within ten (10) days of when due and payable (provided that Borrower shall only be entitled to such ten-day grace period twice within any twelve-month period);

(b) Any representation or warranty made or deemed made by Borrower or any Guarantor in this Agreement or any of the other Loan Documents, or that is contained in any certificate, document, opinion or financial or other statement furnished at any time under or in connection with any Loan Document, shall prove to have been incorrect in any material respect on or as of the date made or deemed made, and, to the extent any such misrepresentation or breach of warranty is capable of being cured, the same continues thirty (30) days after notice from the Lender; provided, however, that if such misrepresentation or breach of warranty (which is capable of being cured) cannot be reasonably be cured within such thirty (30) day period, but can reasonably be cured within a sixty (60) day period, the Borrower shall have an additional period of time not to exceed sixty (60) days after the original notice of default, provided that the Borrower proceeds promptly, diligently and in good faith to cure such misrepresentation or breach;

(c) Borrower or any Guarantor shall fail to perform or observe any term, covenant or agreement on its part to be performed or observed under this Agreement or any other Loan Document to which it is a party, and such default continues thirty (30) days after notice from the Lender; provided, however, that if such default cannot reasonably be cured within such thirty (30) day period, but can reasonably be cured in a sixty (60) day period, Borrower shall have an additional period of time not to exceed sixty (60) days after the original notice of default, provided that the Borrower proceeds promptly, diligently and in good faith to cure such default;

(d) Borrower or any Guarantor (1) shall generally not pay or shall be unable to pay its debts as such debts become due; or (2) shall make an assignment for the benefit of creditors or petition

or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; or (3) shall commence any proceeding

31

under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or (4) shall have had any such petition or application filed or any such proceeding commenced against it in which an order for relief is entered or an adjudication or appointment is made; or (5) shall indicate, by any act or omission, its consent to, approval of or acquiescence in any such petition, application, proceeding or order for relief or the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; or (6) shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of thirty (30) days or more;

(e) Borrower or any Guarantor shall be liquidated, dissolved, partitioned or terminated, or the charter or certificate of authority thereof shall expire or be revoked;

(f) A default or event of default shall occur under any of the other Loan Documents, subject to applicable cure periods; or

(g) Borrower or any Guarantor shall (1) fail to pay any indebtedness for borrowed money in the amount of \$50,000 or greater (other than the indebtednesses evidenced by the Notes), or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), subject to applicable cure periods, including but not limited to any such indebtedness or obligation now or hereafter owed to Lender, or (2) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such indebtedness, when required to be performed or observed, if the effect of such failure to perform or observe is to accelerate, or to permit the acceleration after the giving of notice or the passage of time or both, of the maturity of such indebtedness, regardless of whether such failure to perform or observe shall be waived by the holder of such indebtedness; or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof.

9.2. Acceleration of Maturity; Remedies. Upon the occurrence of any Event of Default described in subsection 6.1(d) as it relates to Borrower, the indebtednesses evidenced by the Notes as well as any and all other indebtedness and obligations of Borrower to Lender shall be immediately due and payable in full; and upon the occurrence of any other Event of Default described above (including but not limited to subsection 6.1(d) as it relates to any Guarantor), Lender at any time thereafter may at its option accelerate the maturity of the indebtednesses evidenced by the Notes as well as any and all other indebtedness and obligations of Borrower to Lender; all without notice of any kind. Upon the occurrence of any such Event of Default and the acceleration of the maturity of the indebtednesses evidenced by the Notes:

32

(a) any obligation of Lender to advance any theretofore undisbursed proceeds of the Loans shall immediately cease and be of no further force nor effect, and Lender shall be immediately entitled to exercise any and all rights, powers, privileges, options and remedies possessed by Lender pursuant to the terms of the Security Instruments and all of the other Loan Documents;

(b) Lender shall have and may exercise all of the rights

and remedies of a secured party under the Uniform Commercial Code as adopted in the State of Tennessee; and

(c) Lender shall have and may exercise any and all other rights, powers, privileges, options and remedies that Lender may now or hereafter possess at law, in equity or by statute.

9.3. Right of Setoff. Without limitation of the foregoing, upon the occurrence and during the continuance of any Event of Default, Lender is hereby authorized at any time and from time to time, without notice to Borrower (any such notice being expressly waived by Borrower), to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by Lender or any of its affiliates, and any other indebtedness at any time owing by Lender or its affiliates to or for the credit or the account of Borrower or any Guarantor, against any and all of the Obligations, irrespective of whether Lender shall have made any demand under this Agreement or the Notes or any other Loan Document and although such obligations may be unmatured. Lender agrees to notify Borrower within a reasonable time after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of Lender under this Section 9.3 are in addition to any other rights and remedies (including, without limitation, other rights of setoff) that Lender may have.

9.4. Remedies Cumulative; No Waiver. No right, power or remedy conferred upon or reserved to Lender by this Agreement or any of the other Loan Documents is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder, under any of the other Loan Documents or now or hereafter existing at law, in equity or by statute. No delay or omission by Lender to exercise any right, power or remedy accruing upon the occurrence of any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every right, power and remedy given by this Agreement and the other Loan Documents to Lender may be exercised from time to time and as often as may be deemed expedient by Lender.

33

9.5. Proceeds of Remedies. Any or all proceeds resulting from the exercise of any or all of the foregoing remedies shall be applied as set forth in the Loan Document(s) providing the remedy or remedies exercised; if none is specified, or if the remedy is provided by this Agreement, then as follows:

First, to the costs and expenses, including reasonable attorney's fees, incurred by Lender in connection with the exercise of its remedies;

Second, to the expenses of curing the default that has occurred, in the event that Lender elects, in its sole discretion, to cure the default that has occurred;

Third, to the payment of the Obligations, including but not limited to the payment of the principal of and interest on the indebtednesses evidenced by the Notes, in such order of priority as Lender shall determine in its sole discretion; and

Fourth, the remainder, if any, to Borrower or to any other person lawfully thereunto entitled.

ARTICLE X

MISCELLANEOUS

10.1. Commitment Fee. In consideration of Lender's agreement to make the Loan, Borrower shall pay to the Lender a non-refundable per annum commitment fee in the amount of \$10,000. This fee shall be payable on the date hereof for the period ending on the anniversary date hereof, and the same amount shall thereafter be due and payable on each anniversary hereof for the succeeding twelve month period.

10.2. Release of LTI. LTI is hereby released of any liability with regard to the Loans, this Agreement, the Notes or any other document relating to this Loans.

10.3. Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise would be within the limitations of, another covenant shall not avoid the occurrence of an Event of Default if such action is taken or condition exists.

10.4. Integration. This Agreement and the Loan Documents contain the entire agreement among the parties relating to the subject matter hereof and supersede all oral statements and prior writings with respect thereto. The execution and delivery of this Agreement and the other Loan Documents by Borrower were not based upon any facts or materials provided by Lender, nor was Borrower induced or influenced to execute and deliver this Agreement or any other Loan Document by any representation, statement, analysis or promise made by Lender. This Agreement amends and restates in their entirety the Equipment Loan Agreement and the Line of Credit Loan Agreement.

34

10.5. Amendments, Etc. No amendment, modification, termination or waiver of any provision of any Loan Document to which Borrower is a party, nor consent to any departure by Borrower from compliance with the terms of any Loan Document to which it is a party, shall be effective unless the same shall be in writing and signed on behalf of Lender by a duly authorized officer of Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Upon their mutual agreement, Lender, Borrower and the Guarantors may amend this Agreement to extend the maturity date of either of the Loans by executing the Modification Agreement in the form of Exhibit G attached hereto.

10.6. Performance By Lender.

(a) Lender may file one or more financing statements disclosing Lender's security interests under this Agreement and the other Loan Documents without the signature of Borrower appearing thereon if permitted by law, and Borrower shall pay the costs of, or incidental to, any recording or filing of any financing statements concerning the collateral security described in the Security Instruments. Borrower agrees that a carbon, photographic, photostatic or other reproduction of this Agreement or any other Security Instrument or of a financing statement is sufficient as a financing statement.

(b) If Borrower shall default in the payment, performance or observance of any covenant, term or condition of this Agreement, Lender may, at its option, pay, perform or observe the same, and all payments made or costs or expenses incurred by Lender in connection therewith (including but not limited to reasonable attorney's fees), with interest thereon at the greatest default rate provided in the Notes (if none, then at the maximum rate from time to time allowed by applicable law), shall be immediately repaid to Lender by Borrower and shall constitute a part of the Obligations and be secured hereby until fully repaid. Lender shall be the sole judge of the necessity for any such actions and of the amounts to be paid.

10.7. Costs and Expenses. Lender shall not bear any cost or expense whatsoever in connection with the making, administration, servicing or collection of the Loans. Borrower agrees to pay on demand all costs and expenses in connection with the preparation, execution, delivery, filing, recording and/or administration of any of the Loan Documents, including but not limited to the fees and expenses of counsel for Lender, and local counsel who may be retained by Lender or said counsel, with respect thereto and with respect to advising Lender as to its rights and responsibilities under any of the Loan Documents, and all costs and expenses, if any, in connection with the enforcement of any of the Loan Documents. In addition, Borrower shall pay any

and all recording, indebtedness, stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of any of the Loan Documents and any other documents to be delivered under any such Loan Documents, and agrees to indemnify Lender and hold Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

35

The provisions of this Section shall be effective regardless of whether Borrower shall be entitled to any advances hereunder and shall survive any termination of this Agreement.

10.8. Assignment. The Notes, this Agreement and the other Loan Documents may be endorsed, assigned and/or transferred in whole or in part by Lender, and any such holder and/or assignee of the same shall succeed to and be possessed of the rights and powers of Lender under all of the same to the extent transferred and assigned. Lender may grant participations in all or any portion of its interest in the indebtednesses evidenced by the Notes. Borrower shall not assign any of its rights nor delegate any of its duties hereunder or under any of the other Loan Documents without the prior express written consent of Lender.

10.9. Successors and Assigns Included in Parties. Whenever in this Agreement one of the parties hereto is named or referred to, the heirs, legal representatives, successors, successors-in-title and assigns of such parties shall be included, and all covenants and agreements contained in this Agreement by or on behalf of Borrower or by or on behalf of Lender shall bind and inure to the benefit of their respective heirs, legal representatives, successors-in-title and assigns, whether so expressed or not.

10.10. Third Party Beneficiaries. This Agreement and the other Loan Documents are intended for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns, and shall not serve to confer any rights or benefits in favor of any person not a party hereto. No other person shall have any right to rely on this Agreement or the other Loan Documents, or to derive any benefit herefrom.

10.11. Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Borrower hereunder and under all of the other Loan Documents.

10.12. Severability. Any provision of this Agreement that is prohibited or unenforceable with respect to any person or circumstance or in any jurisdiction shall, as to such person, circumstance or jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision with respect to other persons or circumstances or in any other jurisdiction.

10.13. Article and Section Headings; Terminology. Article and section headings used herein are included for convenience of reference only and shall not constitute a part hereof for any other purpose. References herein to "Articles" and "Sections" shall be deemed to be references to Articles and Sections, respectively, of this Agreement unless the context otherwise requires. When used herein, the singular shall include the plural, and vice versa, and the use of the masculine, feminine or neuter gender shall include all other genders, as appropriate. Any reference herein to a person shall include natural persons, corporations, partnerships, limited liability companies, associations and other entities.

36

10.14. Notices. Any and all notices, elections or demands permitted or required to be made under this Agreement shall be in writing and shall be delivered personally, telecopied or sent by certified mail or nationally recognized courier service (such as Federal Express) to the other party at the

address set forth below, or at such other address as may be supplied in writing and of which receipt has been acknowledged in writing. The date of personal delivery or telecopy, or the date of mailing or delivery to such courier service, as the case may be, shall be the date of such notice, election or demand, and rejection, refusal to accept or inability to deliver because of a changed address of which no notice was sent shall not affect the validity of any notice, election or demand given in accordance with the provisions of this Agreement. For the purposes of this Agreement:

The address of Lender is:

First Tennessee Bank National Association
2841 E. Andrew Johnson Highway
Greeneville, Tennessee 37745
Attention: Larry Estepp
Telecopy Number: 423-798-2230

The address of Borrower is:

Forward Air Corporation
430 Airport Road
Greeneville, Tennessee 37745
Attention: Edward W. Cook
Telecopy Number: 423-636-7274

37

10.15. Interest and Loan Charges Not to Exceed Maximum Amounts Allowed by Law. Anything in this Agreement, the Notes, the Security Instruments or any of the other Loan Documents to the contrary notwithstanding, in no event whatsoever, whether by reason of advancement of proceeds of the Loans, acceleration of the maturity of the unpaid balance of the Loans or otherwise, shall the interest and loan charges agreed to be paid to Lender for the use of the money advanced or to be advanced hereunder exceed the maximum amounts collectible under applicable laws in effect from time to time. It is understood and agreed by the parties that, if for any reason whatsoever the interest or loan charges paid or contracted to be paid by Borrower in respect of the Loans shall exceed the maximum amounts collectible under applicable laws in effect from time to time, then ipso facto, the obligation to pay such interest and/or loan charges shall be reduced to the maximum amounts collectible under applicable laws in effect from time to time, and any amounts collected by Lender that exceed such maximum amounts shall be applied to the reduction of the principal balance of the Loans and/or refunded to Borrower so that at no time shall the interest or loan charges paid or payable in respect of the Loans exceed the maximum amounts permitted from time to time by applicable law.

10.16. Construction and Interpretation. Should any provision of this Agreement require judicial interpretation, the parties hereto agree that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be more strictly construed against the party that itself or through its agent prepared the same, it being agreed that Borrower, Lender and their respective agents have participated in the preparation hereof.

10.17. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of State of Tennessee.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, or have caused this Agreement to be executed by their duly authorized officers, as of the day and year first above written.

LENDER:

FIRST TENNESSEE BANK
NATIONAL ASSOCIATION

By: /s/ Larry Estepp
Title: Regional President

BORROWER:

FORWARD AIR CORPORATION

By: /s/ Bruce A. Campbell
Title: President

Exhibit 10.6

AMENDED AND RESTATED MASTER SECURED PROMISSORY NOTE
(Line of Credit)

\$20,000,000 Greenville, Tennessee September 10, 1998

FOR VALUE RECEIVED, on or before September 10, 2000 (the "Maturity Date"), the undersigned, FORWARD AIR CORPORATION, a Tennessee corporation (referred to herein as "Maker"), promises to pay to the order of FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America ("Payee"; Payee and any subsequent holder[s] hereof are hereinafter referred to collectively as "Holder"), without grace except as provided for herein, at the office of Payee at 2841 Andrew Johnson Highway, Greenville, Tennessee 37745, or at such other place as Holder may designate to Maker in writing from time to time, the principal sum of TWENTY MILLION AND NO/100THS DOLLARS (\$20,000,000), or such other amount as may hereafter be outstanding hereunder, whichever is less, together with interest on the outstanding principal balance hereof from date at LIBOR plus the Applicable Margin, as calculated and adjusted in accordance with the Loan Agreement (as hereinafter defined); provided that in no event shall the rate of interest payable in respect of the indebtedness evidenced hereby exceed the maximum rate of interest from time to time allowed to be charged by applicable law (the "Maximum Rate"). Interest shall be calculated on the basis of a 360-day year for each day that all or any part of the indebtedness evidenced hereby shall be outstanding, to the extent permitted by applicable law.

Interest only on the outstanding principal balance hereof shall be due and payable monthly, in arrears, with the first installment being payable on the first (1st) business day of the first month after the date hereof, and subsequent installments being payable on the same day of each succeeding month thereafter until the Maturity Date, at which time the entire outstanding principal balance, together with all accrued and unpaid interest, shall be due and payable in full.

All payments in respect of the indebtedness evidenced hereby shall be made in collected funds, and shall be applied to principal, accrued interest and charges and expenses owing under or in connection with this Note in such order as Holder elects, except that payments shall be applied to accrued interest before principal.

The indebtedness evidenced hereby may be prepaid only in accordance with the provisions of the Loan Agreement.

Any advance by Payee to Maker that is not evidenced by another instrument or agreement between the parties shall be conclusively presumed to have been made hereunder when such advance is either (1) deposited or credited to an account of Maker with Payee, notwithstanding that such advance was requested, orally or in writing, by someone other than Maker or that someone other than Maker is authorized to draw on such account and may or does withdraw the whole or part of such advance, or (2) made in accordance with the oral or written instructions of Maker. The entire balance of all advances hereunder that may be outstanding from time to time shall constitute a single indebtedness, and no single advance increasing the outstanding balance hereof

shall itself be considered a separate loan, but rather an increase in the aggregate outstanding balance of the indebtedness evidenced hereby.

Time is of the essence of this Note. It is hereby expressly agreed that in the event that any Event of Default, as defined in that certain Amended and Restated Loan and Security Agreement of even date herewith, by and between Maker and Payee (the "Loan Agreement"), shall occur; or should any default or event of default occur under any other instrument or document now or hereafter evidencing, securing or otherwise relating to the indebtedness evidenced hereby, subject to applicable cure periods; then, and in such event, the entire outstanding principal balance of the indebtedness evidenced hereby, together with any other sums advanced hereunder, under the Loan Agreement or under any other instrument, document or agreement now or hereafter evidencing, securing or

in any way relating to the indebtedness evidenced hereby, together with all unpaid interest accrued thereon, shall, at the option of Holder and without notice to Maker, at once become due and payable and may be collected forthwith, regardless of the stipulated date of maturity. Upon the occurrence of any default as set forth herein, at the option of Holder and without notice to Maker, all accrued and unpaid interest, if any, shall be added to the outstanding principal balance hereof, and the entire outstanding principal balance, as so adjusted, shall bear interest thereafter until paid at a rate (the "Default Rate") equal to the lesser of (i) the rate that is four percentage points (4%) in excess of Payee's Base Rate, as it varies from time to time, or (ii) the Maximum Rate, regardless of whether there has been an acceleration of the payment of principal as set forth herein. All such interest shall be paid at the time of and as a condition precedent to the curing of any such default.

To the extent permitted by applicable law, Maker shall pay to Holder a late charge equal to four percent (4%) of any monthly payment hereunder that is not received by Holder within fifteen (15) days of the date on which it is due, in order to cover the additional expenses incident to the handling and processing of delinquent payments; provided, however, that nothing in this provision shall be deemed to waive any other right or remedy of the Holder hereof by reason of Maker's failure to make payments when due hereunder.

In the event this Note is placed in the hands of an attorney for collection or for enforcement or protection of the security, or if Holder incurs any costs incident to the collection of the indebtedness evidenced hereby or the enforcement or protection of the security, Maker and any indorsers hereof agree to pay a reasonable attorney's fee, all court and other costs, and the reasonable costs of any other collection efforts.

Presentment for payment, demand, protest and notice of demand, protest and nonpayment are hereby waived by Maker and all other parties hereto. No failure to accelerate the indebtedness evidenced hereby by reason of default hereunder, acceptance of a past-due installment or other indulgences granted from time to time, shall be construed as a novation of this Note or as a waiver of such right of acceleration or of the right of Holder thereafter to insist upon strict compliance with the terms of this Note or to prevent the exercise of such right of acceleration or any other right granted hereunder or by applicable laws. Unless otherwise specifically agreed by Holder in

writing, the liability of Maker and all other persons now or hereafter liable for payment of the indebtedness evidenced hereby, or any portion thereof, shall not be affected by (1) any renewal hereof or other extension of the time for payment of the indebtedness evidenced hereby or any amount due in respect thereof, (2) the release of all or any part of any collateral now or hereafter securing the payment of the indebtedness evidenced hereby or any portion thereof, or (3) the release of or resort to any person now or hereafter liable for payment of the indebtedness evidenced hereby or any portion thereof. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

The indebtedness and other obligations evidenced by this Note are further evidenced and/or secured by (1) the Loan Agreement, (2) the Guaranty Agreement dated as of the date hereof executed by Forward Air, Inc., FAF, Inc. and Transportation Properties, Inc. (the "Guarantors"), (3) the Security Agreement dated as of the date hereof executed by the Guarantors, (4) a Pledge and Security Agreement dated as of the date hereof executed by the Maker, and (5) certain other instruments and documents as more particularly described in the Loan Agreement.

All agreements herein made are expressly limited so that in no event whatsoever, whether by reason of advancement of proceeds hereof, acceleration of maturity of the unpaid balance hereof or otherwise, shall the interest and loan charges agreed to be paid to Holder for the use of the money advanced or to be advanced hereunder exceed the maximum amounts collectible under applicable laws

in effect from time to time. If for any reason whatsoever the interest or loan charges paid or contracted to be paid in respect of the indebtedness evidenced hereby shall exceed the maximum amounts collectible under applicable laws in effect from time to time, then, ipso facto, the obligation to pay such interest and/or loan charges shall be reduced to the maximum amounts collectible under applicable laws in effect from time to time, and any amounts collected by Holder that exceed such maximum amounts shall be applied to the reduction of the principal balance remaining unpaid hereunder and/or refunded to Maker so that at no time shall the interest or loan charges paid or payable in respect of the indebtedness evidenced hereby exceed the maximum amounts permitted from time to time by applicable law. This provision shall control every other provision in any and all other agreements and instruments now existing or hereafter arising between Maker and Holder with respect to the indebtedness evidenced hereby.

This Note has been negotiated, executed and delivered in the State of Tennessee, and is intended as a contract under and shall be construed and enforceable in accordance with the laws of said state, except to the extent that Federal law may be applicable to the determination of the Maximum Rate.

As used herein, the terms "Maker" and "Holder" shall be deemed to include their respective successors, legal representatives and assigns, whether by voluntary action of the parties or by operation of law. In the event that more than one person, firm or entity is a maker hereunder, then all references to "Maker" shall be deemed to refer equally to each of said persons,

3

firms, or entities, all of whom shall be jointly and severally liable for all of the obligations of Maker hereunder.

IN WITNESS WHEREOF, the undersigned Maker has caused this Note to be executed by its duly authorized officer as of the date first above written.

MAKER:

FORWARD AIR CORPORATION

By: /s/ Bruce A. Campbell

Title: President

4

EXHIBIT 10.7

AMENDED AND RESTATED SECURED PROMISSORY NOTE
(Equipment Loan)

\$15,000,000 Greeneville, Tennessee September 10, 1998

FOR VALUE RECEIVED, the undersigned, FORWARD AIR CORPORATION, a Tennessee corporation (referred to herein as "Maker"), promises to pay to the order of FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America ("Payee"; Payee and any subsequent holder[s] hereof are hereinafter referred to collectively as "Holder"), without grace, at the office of Payee at 2841 Andrew Johnson Highway, Greeneville, Tennessee 37745, or at such other place as Holder may designate to Maker in writing from time to time, the principal sum of up to FIFTEEN MILLION DOLLARS (\$15,000,000), with interest on the disbursed and unpaid principal balance from the date of disbursement, until paid, at the rate of interest hereinafter specified. The principal amount hereof, other than the amount originally outstanding hereunder on the date hereof (the "Original Amount"), shall be disbursed in one or more disbursements each made pursuant to a Certificate of Draw Against Equipment Loan, in the form attached hereto, executed by Maker and delivered to Payee with regard to such disbursement (each a "Certificate"). Subject to the limitations hereinafter set forth, the unpaid principal balance of each disbursement of indebtedness evidenced hereby shall be due and payable in accordance with the Certificate with regard to such disbursement and as provided in the Loan Agreement, as herein defined. Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to them in that certain Amended and Restated Loan and Security Agreement of even date herewith, by and between Maker and Payee (the "Loan Agreement"), except that the terms "Principal Draw Amount", "First Payment Date", and "Maturity Date" as used herein shall have the meanings ascribed to them in the applicable Certificate.

The outstanding Principal Draw Amount of each disbursement hereunder, including the Original Amount, shall bear interest from date of disbursement at a rate per annum equal to LIBOR plus the Applicable Rate, as calculated and adjusted from time to time in accordance with the Loan Agreement.

The Original Amount outstanding hereunder shall be payable in equal monthly installments of combined principal and interest in the amount of \$314,590 each beginning on October 20, 1998 and continuing on the twentieth day of each month thereafter until September 20, 2003 at which time the entire Original Amount and all accrued but unpaid interest thereon shall be due and payable. Such payments are based on an assumed rate of interest as provided in Section 2.1(c) of the Loan Agreement, and Maker recognizes that such payments may be adjusted by Holder as provided in Section 2.1(c) of the Loan Agreement.

The Principal Draw Amount of each disbursement and accrued interest thereon, other than the Original Amount, shall be due and payable with interest thereon in monthly installments as set forth in the Certificate for such Principal Draw Amount and in Section 2.1(c) of the Loan

Agreement beginning on the First Payment Date with respect to such disbursement, with subsequent installments being payable on the same day of each succeeding month thereafter until the Maturity Date with respect to such disbursement, at which time the entire outstanding Principal Amount of such disbursement, together with all accrued and unpaid interest, shall be due and payable in full.

Notwithstanding any other provision hereof, in no event shall the rate of interest payable in respect of the indebtedness evidenced hereby exceed the maximum rate of interest from time to time allowed to be charged by applicable law (the "Maximum Rate"). Interest shall be calculated on the basis of a 360-day year for each day that all or any part of the indebtedness evidenced hereby shall be outstanding, to the extent permitted by applicable law.

All payments in respect of the indebtedness evidenced hereby shall be

made in collected funds, and shall be applied to principal, accrued interest and charges and expenses owing under or in connection with this Note in such order as Holder elects, except that payments shall be applied to accrued interest before principal.

The indebtedness evidenced hereby may be prepaid only in accordance with the provisions of the Loan Agreement.

Any advance by Payee to Maker that is not evidenced by another instrument or agreement between the parties shall be conclusively presumed to have been made hereunder when such advance is either (1) deposited or credited to an account of Maker with Payee, notwithstanding that such advance was requested, orally or in writing, by someone other than Maker or that someone other than Maker is authorized to draw on such account and may or does withdraw the whole or part of such advance, or (2) made in accordance with the oral or written instructions of Maker. The entire balance of all advances hereunder that may be outstanding from time to time shall constitute a single indebtedness, and no single advance increasing the outstanding balance hereof shall itself be considered a separate loan, but rather an increase in the aggregate outstanding balance of the indebtedness evidenced hereby.

Time is of the essence of this Note. It is hereby expressly agreed that in the event that any Event of Default, as defined in the Loan Agreement, shall occur; or should any default or event of default occur under any other instrument or document now or hereafter evidencing, securing or otherwise relating to the indebtedness evidenced hereby, subject to applicable cure periods; then, and in such event, the entire outstanding principal balance of the indebtedness evidenced hereby, together with any other sums advanced hereunder, under the Loan Agreement or under any other instrument, document or agreement now or hereafter evidencing, securing or in any way relating to the indebtedness evidenced hereby, together with all unpaid interest accrued thereon, shall, at the option of Holder and without notice to Maker, at once become due and payable and may be collected forthwith, regardless of the stipulated date of maturity. Upon the occurrence of any default as set forth herein, at the option of Holder and without notice to Maker, all accrued and unpaid interest, if any, shall be added to the outstanding principal balance hereof, and the

entire outstanding principal balance, as so adjusted, shall bear interest thereafter until paid at a rate (the "Default Rate") equal to the lesser of (i) the rate that is four percentage points (4%) in excess of the interest rate designated from time to time by Payee as its "Base Rate," which rate shall be adjusted on each day that said "Base Rate" changes, or (ii) the Maximum Rate, regardless of whether there has been an acceleration of the payment of principal as set forth herein. All such interest shall be paid at the time of and as a condition precedent to the curing of any such default.

To the extent permitted by applicable law, Maker shall pay to Holder a late charge equal to four percent (4%) of any payment hereunder that is not received by Holder within fifteen (15) days of the date on which it is due, in order to cover the additional expense incident to the handling and processing of delinquent payments; provided, however, that nothing in this provision shall be deemed to waive any other right or remedy of the Holder hereof by reason of Maker's failure to make payments when due hereunder.

In the event this Note is placed in the hands of an attorney for collection or for enforcement or protection of the security, or if Holder incurs any costs incident to the collection of the indebtedness evidenced hereby or the enforcement or protection of the security, Maker and any indorsers hereof agree to pay a reasonable attorney's fee, all court and other costs and the reasonable costs of any other collection efforts.

Presentment for payment, demand, protest and notice of demand, protest and nonpayment are hereby waived by Maker and all other parties hereto. No failure to accelerate the indebtedness evidenced hereby by reason of default hereunder, acceptance of a past-due installment or other indulgences granted

from time to time, shall be construed as a novation of this Note or as a waiver of such right of acceleration or of the right of Holder thereafter to insist upon strict compliance with the terms of this Note or to prevent the exercise of such right of acceleration or any other right granted hereunder or by applicable laws. Unless otherwise specifically agreed by Holder in writing, the liability of Maker and all other persons now or hereafter liable for payment of the indebtedness evidenced hereby, or any portion thereof, shall not be affected by (1) any renewal hereof or other extension of the time for payment of the indebtedness evidenced hereby or any amount due in respect thereof, (2) the release of all or any part of any collateral now or hereafter securing the payment of the indebtedness evidenced hereby or any portion thereof, or (3) the release of or resort to any person now or hereafter liable for payment of the indebtedness evidenced hereby or any portion thereof. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

The indebtedness and other obligations evidenced by this Note are secured by (1) the Loan Agreement, (2) the Guaranty Agreement dated as of the date hereof executed by Forward Air, Inc., FAF, Inc. and Transportation Properties, Inc. (the "Guarantors"), (3) the Security Agreement dated as of the date hereof executed by the Guarantors, (4) a Pledge and Security Agreement dated as of the date hereof executed by the Maker, and (5) certain other instruments and documents, as more particularly described in the Loan Agreement.

3

All agreements herein made are expressly limited so that in no event whatsoever, whether by reason of advancement of proceeds hereof, acceleration of maturity of the unpaid balance hereof or otherwise, shall the interest and loan charges agreed to be paid to Holder for the use of the money advanced or to be advanced hereunder exceed the maximum amounts collectible under applicable laws in effect from time to time. If for any reason whatsoever the interest or loan charges paid or contracted to be paid in respect of the indebtedness evidenced hereby shall exceed the maximum amounts collectible under applicable laws in effect from time to time, then, ipso facto, the obligation to pay such interest and/or loan charges shall be reduced to the maximum amounts collectible under applicable laws in effect from time to time, and any amounts collected by Holder that exceed such maximum amounts shall be applied to the reduction of the principal balance remaining unpaid hereunder and/or refunded to Maker so that at no time shall the interest or loan charges paid or payable in respect of the indebtedness evidenced hereby exceed the maximum amounts permitted from time to time by applicable law. This provision shall control every other provision in any and all other agreements and instruments now existing or hereafter arising between Maker and Holder with respect to the indebtedness evidenced hereby.

This Note has been negotiated, executed and delivered in the State of Tennessee, and is intended as a contract under and shall be construed and enforceable in accordance with the laws of said state, except to the extent that Federal law may be applicable to the determination of the Maximum Rate.

As used herein, the terms "Maker" and "Holder" shall be deemed to include their respective successors, legal representatives and assigns, whether by voluntary action of the parties or by operation of law. In the event that more than one person, firm or entity is a maker hereunder, then all references to "Maker" shall be deemed to refer equally to each of said persons, firms, or entities, all of whom shall be jointly and severally liable for all of the obligations of Maker hereunder.

IN WITNESS WHEREOF, the undersigned Maker has caused this Note to be executed by its duly authorized officer as of the date first above written.

MAKER:

FORWARD AIR CORPORATION

By: /s/ Bruce A. Campbell

Title: President

SUNTRUST SECURITY AGREEMENT
(FOR USE WITH ALL TYPES OF TANGIBLE COLLATERAL)

FAF, Inc. 430 Airport Road

Name of Debtor Street and Number

hereinafter called "Debtor", whether Greenville, TN 37744
one or more, hereby grants to -----
SunTrust Bank, Nashville, N.A., 201 City and State
Fourth Avenue North, Nashville,
Tennessee, hereinafter called August 11, 1998
"Secured Party", a security interest -----
pursuant to the Uniform Commercial Code Date
Code as adopted in the state of
Tennessee in and to the following
described collateral:

SEE ATTACHED EXHIBIT A

together with all similar collateral hereafter acquired, all replacements and
substitutions thereof and all accessories, parts and equipment now or hereafter
affixed thereto or used in connection therewith, and if livestock or farm
crops, said security interest shall include all natural increases thereof, all
of which property is hereafter collectively referred to as "Collateral", and is
located or will be located at:

430 Airport Road, Greenville, TN 37744

If Livestock, the marks and brands above described are holding marks and brands
of the Debtor and carry title although said livestock may have other marks and
brands, and as additional collateral, Debtor grants to Secured Party a security
interest in and all feed, both hay and grain, owned by Debtor and all water
privileges, and all equipment used in feeding and handling said livestock, and
also all of the Debtor's rights, title and interest in all contracts and leases
covering lands for pasture and grazing purposes. If crops, this agreement
includes annual and perennial crops and products thereof growing or planted on
the following described real property; or if the Collateral is to be so affixed
or related to realty as to become a part thereof, it is or will be affixed to
the following described REAL PROPERTY:

If other than Debtor, the RECORD OWNER of the real property is

(unless realty is described above, it is agreed that the said Collateral is
not, and is not to become, affixed to real property).

If the chief executive office of the Debtor is other than that shown as the
Debtor's residence, such CHIEF EXECUTIVE OFFICE is located at

DESCRIPTION OF ORIGINAL INDEBTEDNESS

Amount

(\$) Dollars

(UNLESS OTHERWISE INDICATED BELOW, the Original Indebtedness is owed by Debtor and evidenced by promissory note of even date herewith.)

Owed by FAF, Inc.

Evidenced by Promissory Note in the amount of \$8,022,000.00 (Eight Million

Twenty-Two Thousand) Dated August 11, 1998

This security interest is given to secure the performance of the covenants and agreements herein set forth and to secure the payment of (1) the above described Original Indebtedness with applicable interest owed to said Secured Party; (2) all costs and expenses incurred in the collection of same including reasonable attorney's fees; (3) all extensions, renewals and all changes in form of the Note evidencing the Original Indebtedness which may be from time to time effected by agreement; (4) all advances made by Secured Party for taxes, levies and repairs to, or maintenance or protection of the Collateral; (5) all costs and expenses incurred in the collection of same and enforcement of Secured Party's rights hereunder; (6) all money heretofore and hereafter advanced by Secured Party to or for the account of Debtor at the option of the Secured Party; (7) all other present or future, direct or contingent liabilities of Debtor to Secured Party, of any nature whatsoever; and (8) interest on any money expended by Secured Party for taxes, levies and repairs to or maintenance of the Collateral, or on any money expended for costs and expenses incurred in the collection of said note and the enforcement of Secured Party's rights hereunder.

Proceeds of collateral are also covered; however, such shall not be construed to mean that the Secured Party consents to any sale of the Collateral.

The proceeds of the note are to be paid, at the Secured Party's election as indicated below. (Check 1, 2 or 3)

- (1) to the seller of the Collateral, and the Debtor hereby authorizes Secured Party to do so, or
(2) to the Debtor in trust who immediately will apply the loan proceeds to the payment of the purchase price of the Collateral, or
X (3) to the Debtor.

Debtor warrants, covenants and agrees that the Collateral is, or will be used by the Debtor primarily as indicated below. (Check 1, 2 or 3)

- X (1) In business.
(2) For personal, family or household purposes.
(3) In farming operations.

THIS AGREEMENT IS SUBJECT TO THE ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF, THE SAME BEING INCORPORATED HEREIN BY REFERENCE.

SunTrust Bank, Nashville, N.A.

/s/ A. Oakley FAF, Inc.

By Debtor

Senior Vice President Edward W. Cook, CFO

Title Debtor

DEBTOR FURTHER REPRESENTS, WARRANTS AND AGREES THAT

TITLE TO COLLATERAL. The statements herein as to Debtor's residence and possession and location of the Collateral specifically described herein are true, and that Debtor has or will acquire title thereto free and clear of all liens, encumbrances and security interest except the security interest hereby given to Second Party and other rights, if any, of Secured Party, and Debtor will defend the Collateral against the claims and demands of all persons.

SALE OR ENCUMBRANCE OF COLLATERAL. Without prior written consent of Secured Party, Debtor will not sell, exchange, lease or otherwise dispose of the Collateral or any of the Debtor's rights therein or under this agreement, or permit any lien or security interest to attach to same except that created by this agreement and other rights, if any, of Secured Party.

MAINTENANCE OF COLLATERAL. Debtor will maintain the Collateral in good condition and repair but without permitting any lien to affix to the Collateral as a result thereof, and will pay and discharge all taxes, levies and other impositions levied thereon as well as the cost of repairs to or maintenance of the same and not permit anything to be done that may impair the value of any of the Collateral. If Debtor fails to pay such sums, Secured Party may do so for the Debtor's account, adding the amount thereof to the other amounts secured hereby.

INSURANCE OF COLLATERAL. Debtor shall procure, keep in force, and pay for, insurance on said collateral, in such amounts and forms, and against such risks, and with such insurers as may be acceptable to Secured Party and such policies evidencing said insurance shall be furnished to Secured Party. If Debtor fails to furnish said insurance or fails to pay the premiums thereof, Secured Party may do so or may obtain insurance of its interest only, adding the amount of any such premium thereof to other amounts secured hereby; however, Secured Party is under no obligation nor duty to pay such premiums or obtain insurance. Debtor hereby assigns to Secured Party any return or unearned premiums which may be due upon cancellation of any said policies for any reason whatsoever, and directs the insurers to pay Secured Party any amount so due, unless the Secured Party has been previously fully satisfied. In order to collect such return or unearned premiums or the benefits of such insurance, the Secured Party or any of its officers, agents or employees are hereby appointed Debtor's attorney-in-fact to endorse any draft or check which may be payable to Debtor; any balance of insurance proceeds remaining after payment in full of all amounts owing to Secured Party shall be paid to Debtor. Such return or unearned insurance premium or the benefits of such insurance, may, at Secured Party's option, be used for other insurance or to repair, restore or replace the Collateral, or may be applied to any indebtedness secured hereunder, and if the indebtedness is payable in installments, then to the installments in reverse order, satisfying the final maturing installments first.

REMOVAL OF COLLATERAL PROHIBITED. Debtor will not permit any of the Collateral to be removed from the specified location herein, and Debtor will promptly notify Secured Party of any change of Debtor's residence, or in the Collateral within the state, and Debtor will not remove the Collateral from the county of the Debtor's residence or from the county where the Collateral is to be located as shown herein without the prior written consent of Secured Party and will permit Secured Party to inspect the Collateral at any time.

PERFECTION OF SECURITY INTEREST. Debtor will pay all costs of filing any financing, continuation or termination statements with respect to the security interest by this agreement; Secured Party is hereby appointed Debtor's attorney-in-fact to do, at Secured Party's option and at Debtor's expense, all that is necessary to perfect the security interest created by this agreement and to keep the security interest perfected and the Collateral protected,

including, but not limited to signing the Debtor's name on any financing statements or amendments thereto, or the completion of this agreement or of the financing statement by inserting information or terms not consistent with the parties' agreement. Debtor agrees that a photographic copy or other reproduction of this agreement shall be sufficient as a financing statement.

IMPAIRMENT OF VALUE. Debtor will not permit anything to be done that may impair the value of any Collateral or the security intended to be afforded by this agreement.

DEFAULT. In the event that: (1) the Debtor: (a) gives false or misleading information concerning the warranties or covenants made herein, or reaches such warranties or covenants, or (b) voluntarily or involuntarily files any proceeding under any provision of the federal Bankruptcy Code, or (c) institutes or has commenced against Debtor any proceeding under a state insolvency statute for the appointment of a receiver, or (d) makes an assignment for the benefit of creditors, or becomes insolvent, or (e) fails to procure and furnish proof of, or maintain the insurance required under this agreement, or (f) fails to pay promptly when due any Original Indebtedness or any other indebtedness secured hereunder, or (2) the Collateral is confiscated by any local, state or federal government agency due to its alleged illegal use or acquisition, or (3) the Secured Party has any other reasonable cause to believe that the Collateral is in jeopardy or that the Original Indebtedness or any other indebtedness secured hereunder will not be paid when due, then upon the occurrence of any such events, the Debtor shall be in default.

Upon default the Original Indebtedness and all other indebtedness secured under this agreement shall become immediately due and payable, at the option of the Secured Party, with or without notice to the Debtor and the Secured Party shall have the following rights in addition to all other remedies available to it under applicable law:

(1) The Secured Party shall be entitled to possession of the Collateral and may, with or without notice to the Debtor, enter any premises where the Collateral is located and take possession thereof.

(2) The Collateral may be sold by the Secured Party at one or more public or private sales as the Secured Party may elect. Should the Collateral be disposed of by private sale, the Secured Party may bid at any such sale. Reasonable notification of the time, place and date of any public sale or, if the Collateral is sold by private sale, reasonable notice of the date after which such private sale or any other disposition of the Collateral will occur shall be provided to the Debtor by the Secured Party.

(3) The proceeds from the sale or other disposition of the Collateral shall be applied as follows: (a) first to the expenses of taking, removing, storing and repairing the Collateral and all costs of holding the sale (including reasonable attorney's fees), (b) secondly, to liquidating any prior liens or claims on the Collateral, and (c) thirdly, the balance will be applied to all indebtedness secured under this agreement in any order the Secured Party may elect.

(4) If a deficiency balance should exist after the sale of Collateral on any indebtedness secured by this agreement, the Debtor shall immediately pay such balance to the Secured Party without further notice or demand. Should all indebtedness secured hereunder be fully paid from the proceeds of the sale of the Collateral and a surplus exist, the remaining surplus shall be paid to the Debtor or the Debtor's order.

(5) If the Collateral consists of more than one item, the Secured Party may dispose of the Collateral as one unit, or each item singularly at different times, as the Secured Party may elect.

MISCELLANEOUS. The rights and privileges of the Secured Party under this agreement shall inure to the benefits of its successors and assigns. All covenants, representations, warranties and agreements of Debtor contained in this agreement are joint and several if Debtor is more than one and shall bind Debtor's personal representatives, heirs, successors and assigns. If any provisions of this agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this agreement shall be construed as if such invalid or unenforceable provision has never been contained herein.

EXHIBIT 10.9

<TABLE>

<CAPTION>

OBLIGOR NAME	NOTE NO.	COMMIT. NO.	OFFICER	MATURITY	DISCOUNT	SERVICE RATE	UNIT	COLL.	TYPE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
		659	10/11/98	[X] 360 [] 365	4116				

</TABLE>

FAF, Inc. Nashville, Tenn. August 11 1998 \$8,022,000.00

I, or we, jointly and severally promise to pay to the order of and at SunTrust Bank, Nashville, N.A., (hereinafter called "Bank") the sum of Eight Million Twenty Two Thousand and no cents*****

----- DOLLARS

including an origination fee of \$ -----
for value received, together with interest on the unpaid balance at the interest rate set forth and in the following manner:

One single installment due _____ days after the date hereof.

One single installment due _____ days after the date hereof, with no interest until after maturity (Note Discounted).

On demand with interest payable

In _____ installments of \$ _____ principal plus interest, and a final installment of the remaining unpaid principal plus any unpaid accrued interest, beginning on the _____ day of _____, 19____ and on the same day of each month quarter thereafter.

In _____ installments of \$ _____ each and a final installment of the remaining unpaid principal plus any unpaid accrued interest, beginning on the _____ day of _____, 19____ and on the same day of each month quarter thereafter.

In accordance with the following schedule Revolving line of credit --

Interest only due for the first 60 days then the outstanding balance will amortize over 60 equal monthly principal payments plus interest.

Interest to be calculated as follows: At _____ % per annum By separate agreement At the LIBOR rate plus 100 bps % per annum from date until payment is due. Rate changes are effective as follows: As SunTrust 30 day LIBOR rate changes

If we do not make payments on the scheduled dates, we understand that our final payment will be increased or decreased as appropriate.

The maker has this day pledged with the said Bank the following securities or other property, via: Trucks (trailers) as listed on Exhibit A

THIS NOTE SHALL BE GOVERNED BY THE LAWS OF THE U.S. AND OF TENNESSEE,
EXCEPT WHEN ANOTHER STATE IS INDICATED HERE:

SUBJECT TO THE ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF,
THE SAME BEING INCORPORATED HEREIN BY REFERENCE.

FAF, Inc. X /s/ Edward W. Cook
----- ----- OFF INIT.
 Edward W. Cook []
----- -----
 Senior Vice President & CEO
----- -----

DEFINITIONS: "Maker" means all makers, co-makers, and other parties signing on the face of this note; as used herein, the term "base rate" is that rate established from time to time and announced by SunTrust Bank, Nashville, N.A. as its "base rate," such rate being an interest rate used as an index for establishing interest rates on loans; and "Collateral" means the pledged property, including securities, listed on the face hereof, any additional collateral for which provision is made herein and proceeds of such.

PREPAYMENT REBATE: In those cases were the Note has been discounted and the entire balance is paid before maturity, a pro rata rebate credit will be given for the unearned portion of the interest.

LATE FEE: If a payment is late by as much as 15 days, a late fee of 5% may be charged.

DEFAULT: In the event that (1) additional Collateral is not provided upon demand as required below, (2) any payment is not made when due, (3) Maker defaults in the performance of any other note or obligation, whether to Bank or otherwise, unless prohibited by law or Federal regulations, or Bank deems itself insecure, Bank may accelerate the maturity of this note with or without notice. In the event payment is not made to Bank when due, either by the original terms or after acceleration, Bank may sell any collateral in accordance with the provisions of the Uniform Commercial Code and ten days' notice of such sale shall be deemed reasonable.

COLLATERAL: Bank's security interest in the Collateral shall extend to the proceeds thereof, and any dividends, stock dividends, or any payment or distribution of any kind which may become due to Maker because of Maker's ownership of any Collateral. Bank shall have the right to require that Maker or any third party, including the issuer for any security, send or deliver such payments, distributions or dividends to Bank, which is hereby granted power-of-attorney to take any action, including executing for Maker and filing a financing statement, to perfect or enforce Bank's security interest. Said security interest shall secure all amounts which become due under the terms of this note and, (1) the Collateral shall also secure all other loans with Bank made to Maker, and all sums which Maker may now, or hereafter, owe Bank either individually or jointly or severally with other parties, directly or contingently, or whether as principal, surety, guarantor, or otherwise. And, (2) this note shall be secured by any other security-interest granted Bank by Maker. However, Collateral securing other loans with Bank will not secure this loan unless Bank makes such disclosures and gives such notices as are required by any applicable provision of Regulation "Z" of the Board of Governors of the Federal Reserve System. In the event that any Collateral depreciates in value, Maker shall provide such additional Collateral as is satisfactory to Bank. Bank shall not be under any obligation to take any legal action for collection, protection, or preservation of any of said Collateral, except after written demand by Maker, and after Maker's adequate assurance to Bank of full indemnity against all costs and expenses, including counsel fees attendant thereto. Bank shall have the unqualified right to apply any interest, dividends, proceeds of the sale of Collateral or other payments herein assigned to Bank to any

indebtedness secured hereby. Bank may, at its option, deliver to Maker any or all of said Collateral, with or without the substitution of any other Collateral. In all such cases, the Collateral so delivered to the Maker shall be deemed to be held in trust for the Bank by the Maker. Bank shall have the right to rehypothecate the Collateral.

MISCELLANEOUS: Upon renewal or extension of this note the interest rate may be renegotiated. Unless otherwise agreed in writing, after maturity, interest shall be paid at the highest contract rate permissible under applicable law. At Bank's option interest may be computed on the basis of a 360-day year. If this note is not paid as agreed, Maker agrees to pay all costs of collection, including a reasonable attorney's fee. All parties hereto, including endorsers, waive presentment, demand, notice and protest, and agree that Bank may grant such extension, or renewals, as it deems advisable. Any indebtedness due from Bank to Maker is hereby assigned to Bank as additional security and may be appropriated and applied hereon at any time either before or after the maturity hereof.

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF FORWARD AIR CORPORATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1998
<PERIOD-START>	JAN-01-1998
<PERIOD-END>	SEP-30-1998
<CASH>	96
<SECURITIES>	0
<RECEIVABLES>	20,172
<ALLOWANCES>	925
<INVENTORY>	0
<CURRENT-ASSETS>	21,680
<PP&E>	38,906
<DEPRECIATION>	9,219
<TOTAL-ASSETS>	54,854
<CURRENT-LIABILITIES>	14,221
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	63
<OTHER-SE>	15,782
<TOTAL-LIABILITY-AND-EQUITY>	54,854
<SALES>	0
<TOTAL-REVENUES>	92,943
<CGS>	0
<TOTAL-COSTS>	82,237
<OTHER-EXPENSES>	(13)
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	661
<INCOME-PRETAX>	10,058
<INCOME-TAX>	3,858
<INCOME-CONTINUING>	6,200
<DISCONTINUED>	965
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	7,165
<EPS-PRIMARY>	1.16
<EPS-DILUTED>	1.12

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF FORWARD AIR CORPORATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<RESTATED>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1997
<PERIOD-START>	JAN-01-1997
<PERIOD-END>	SEP-30-1997
<CASH>	0
<SECURITIES>	0
<RECEIVABLES>	0
<ALLOWANCES>	0
<INVENTORY>	0
<CURRENT-ASSETS>	0
<PP&E>	0
<DEPRECIATION>	0
<TOTAL-ASSETS>	0
<CURRENT-LIABILITIES>	0
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	0
<OTHER-SE>	0
<TOTAL-LIABILITY-AND-EQUITY>	0
<SALES>	0
<TOTAL-REVENUES>	75,357
<CGS>	0
<TOTAL-COSTS>	65,848
<OTHER-EXPENSES>	60
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	604
<INCOME-PRETAX>	8,845
<INCOME-TAX>	3,497
<INCOME-CONTINUING>	5,348
<DISCONTINUED>	543
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	5,891
<EPS-PRIMARY>	.99
<EPS-DILUTED>	.96

</TABLE>